FINANCIAL TIMES

No. 27,000 Monday June 21 1976 ** 10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.22; DENMARK Kr.3; FRANCE Fr.2.50; GERMANY DM1.70; ITALY L.400; NETHERLANDS Fl.1.75; NORWAY Kr.3; PORTUGAL Esc.17.50; SPAIN Ptas.35; SWEDEN Kr.2.75; SWITZERLAND Fr.1.70.

NEWS SUMMARY

GENERAL

Tight German guard on Vorster

Mr. John Vorster, the South African Prime Minister, encountered bitter criticism of his country's racial policies when he flew into West Germany yesterday for a week of talks with German leaders, South African envoys and Dr. Henry Kissinger, the U.S. Secretary of State.

On the eve of his arrival, the West German Foreign Minister put out a statement echoing the UN Security Council's condemnation of South Africa's handling of the unrest in Soweto and saying he would impress on Mr. Vorster the need for urgent change.

The Federal police are on full alert following a call by German student organisations for demonstrations. Because of the security factor, Wednesday scheduled talks between Mr. Vorster and Dr. Kissinger have been transferred from Hamburg to a remote town in Eastern Bavaria.

In South Africa, where Defence Minister Mr. P. W. Botha has taken charge in the Premier's absence, an uneasy calm has settled over Soweto, Johannesburg's Black sister city, and the ten other riot-torn townships as they measure the results of the worst violence for 16 years. Back, Pages 10 and 25.

Italians decide

Early results of the Italian Communist Party's confrontation with the Christian Democrats will be known to-night within hours of the most hotly contested general election since the Second World War. There was heavy polling as soon as voting began on Saturday, and yesterday many priests delivered anti-Communist sermons. Page 5

Politicians held in Jamaica

Three members of the Opposition Jamaica Labour Party and one member of the ruling People's National Party were the first detainees under a state of emergency imposed in Jamaica at the week-end following violence in Kingston which has claimed 105 lives this year. Page 5.

On the beach

A U.S. Sixth Fleet vessel evacuated 320 foreigners from the beach at Beirut yesterday after they had failed to leave by road for Damascus. In Paris, Syrian President Assad supported a French proposal for a round-table Lebanese peace conference. Page 5.

FT half way

David Palmer, the Financial Times news editor, in the trimaran FT, crossed the half-way mark in the Observer Transatlantic single-handed yacht race yesterday, at 41-14N 41-09W. Clare Francis, in Robertson's Golly, gave her position as 46N 42W. A Soviet rescue vessel was reported by Tass news agency to have picked up Frenchmen Yves Fauconnier and Jean-Yves Terlain from ITT Oceanic and Kriter III respectively.

Child benefit row

The row over the Government's postponement of the child benefit scheme, fuelled by allegations of a leak of Cabinet papers, is likely to surface at to-day's meeting of the TUC/Labour Party Liaison Committee. Page 4

Briefly . . .

Soviet Union announced the successful launching of the 15th automatic satellite in Eastern Europe's join space programme.

Spectacle frames containing cellulose nitrate are highly inflammable and should no longer be imported into Britain, Labour MP, Mr. Marcus Lipton, said.

Holder of £50,000 winning premium bond number 7QB 746552 lives in Bournemouth.

Mr. Alan Ward, of Wolverhampton, scooped the Tote jackpot pool at Ascot, winning £26,290.

BUSINESS

Plans to abolish road fund licence

● ABOLITION of the £40-a-year road fund licence is being considered by the Government as part of plans to cut the £140m a year spending by the Civil Service. The memorandum suggests that to achieve a 10 per cent. saving 3,000 jobs would be axed at Department of the Environment's Vehicle Licensing Division at Swansea. The lost revenue could be recouped by putting 20p extra duty on petrol. Back Page

● THE DOLLAR PREMIUM surrender rule is threatening another Stock Exchange jobber dealing in South African mining shares. Wedd Durlacher may follow Stocken and Lazarus in giving up its Kaffir dealing, leaving only one, Smith Brothers. The SE plans an appeal to the Treasury to modify the rule. Page 4.

● REGULATION of the U.S. commodity markets is criticised in a report to the U.S. commodity futures trading committee. The report advocates tougher surveillance and monitoring. Page 5

Early Drax B plan discussed

● THE GOVERNMENT is considering whether work should start early on Drax B, a new coal-burning power station at Selby, which would give much-needed orders to the power generating industry. The electricity industry, however, says it needs no new power stations until 1979-80. Back Page.

● COAL and electricity supply unions have called for a balanced programme of power station building as part of long-term energy strategy giving priority to coal and nuclear power. Page 7

● THE NATIONAL COAL Board should hand over pithead stocks of coal to the CEGB, provided it in turn allowed old people a 30 per cent. to 40 per cent. reduction in winter electricity bills, Mr. Arthur Scargill, Yorkshire miners' president has urged.

● WORLD SHIPPING is heading for a surplus of bulk carriers—as much as 25m. deadweight tons by 1980—is forecast by the director of maritime transport research for the Shipbuilders and Repairers National Association. Page 28

● NATIONAL SAVINGS showed a marked increase in May, with net new savings at £30.4m. Sales of the British Savings Bond, at £17.2m. were the highest since July, 1974. Page 4

● CBI and the Prices Secretary are expected to meet to put the final polish on revisions to the Price Code, to be published as a consultative document next week. Page 4.

● BRITISH ARMY equipment exhibition opens at Aldershot to-day. Britain is the third largest world arms supplier, just ahead of France. Total world arms trade is valued at between $10bn. and $12bn. News Analysis, Page 28

● OECD MINISTERS meet in Paris to-day, and are expected to adopt a set of guidelines for the behaviour of multinational companies. Page 5

Trawlers withdrawn

● A LEADING U.K. trawler company has halved its distant water fresh fish fleet as a result of the Cod War peace agreement. Eight of the trawlers have been taken out of service, and 200 fishermen have lost their jobs.

● THE POUND may fall further to $1.74 next year, according to the latest Forex Research forecast. Page 4

● WALES is to get a £950,000 loan from the EEC towards the construction of a £2.84m. steel tubes factory at Ebbw Vale, which will provide 120 new jobs.

● DUTCH Cabinet has decided to realise the Fls.7bn. (£1.53bn.) needed ot build a special lock-type dam across the Easter Scheldt, the largest waterworks yet planned in Holland.

Government paper proposes changes in company reports

BY MICHAEL LAFFERTY

A major change in company law through amendments to the contents of companies' annual reports is proposed in a Government consultative document being circulated to industry, the professions, the CBI and the TUC.

It suggests that reports should *include no fewer than four new* statements, a value added statement; an employment report; and statements of future prospects and corporate objectives.

The consultative document, on which comments are called for by the end of July, will form the basis of a White Paper to be published before the end of the year.

In a wide-ranging review of the aims and scope of company reports, the Government paper *also deals with social accounting*, segmental reporting, industry efficiency indicators, and conflicts between a director's personal interests and his responsibilities to his company.

The disclosure of information on industrial relations policy, health and safety at work, company pension funds and short-term debt is also dealt with.

The document is part of the major Government re-assessment of British company law which is now going on. The industrial democracy aspect of this is being dealt with by the Bullock committee of inquiry, while the Government is also considering a reform of the securities market.

The last major company legislation, which was entirely *limited to technical and financial* matters, is contained in the 1948 Companies Act.

The Companies Act, 1967, took a first step towards requiring a wider range of matters to be disclosed but the non-financial disclosures which it demands do not reflect the coherent *philosophy about wider obligations now being proposed*.

The Government's consultative document is extensively based on *The Corporate Report*, a highly controversial discussion paper on the fundamental aims of financial reports prepared by the accountancy profession and published in 1975.

While this met with the *general approval of the accountancy* profession and industry, it was strongly criticised by several City institutions. It is perhaps because of this that the Government has decided to carry out an unprecedented degree of consultation with representatives of all major interested parties.

Of the *four proposed new* statements (at present an annual report generally consists of a profit and loss account, a balance sheet and a funds flow statement, as well as the directors' and auditor's reports) the Government is most enthusiastic about the value added statement.

Controversial

This shows clearly how much wealth has been created by the company and how it is shared between employees, shareholders, the Government and the company.

The *most controversial of the* new proposed statements is that of future prospects, which attracted considerable opposition from all sectors when it appeared in The Corporate Report. The consultative document recognises that it would be difficult to impose a legal require*ment to make such a statement* "except perhaps in very general *terms.*"

The area of social accounting, which deals with such matters *as the reporting costs incurred* by compliance with anti-pollution laws and the impact of the company on the environment, is recognised by the Government as one in which there may well be a growing interest. But it is not one in which, at least for the present, the law can play a significant part.

Legal requirements which could be *imposed*, however, relate to the disclosure of information on health and safety at work, *industrial relations* policy, and progress in introducing industrial democracy.

The document concludes that company reports should disclose information which is of general public interest, leaving information of interest to particular sectors to be supplied through separate channels. This principle has already been followed, *for example*, in the Employment Protection Act, which provides for information needed for collective bargaining purposes to *be supplied to the trades unions* concerned.

On segmental reporting, the Government proposes to bring the requirement that companies must disclose in their directors' reports the turnover of each class of their business into the accounts. This would have the *effect of making the basis of* disaggregation subject to the auditor's report.

Continued on Back Page

Details Page 4

Fed chief defends growth optimism

BY JUREK MARTIN

WASHINGTON, June 20.

DR. ARTHUR BURNS, the chairman of the Federal Reserve Bank, has taken sharp exception to recent reports that there has been a quite dramatic slowdown in the rate of growth in the American economy over the last couple of months.

Speaking to a bankers' conference in San Francisco at the week-end, Dr. Burns predicted that real growth in the *second quarter would be* "distinctly higher" than the 5 per cent. ceiling that some more pessimistic recent projections have pointed to.

Adamant

Dr. Burns did not dispute *that the second quarter would* show a more restrained rate of growth than the first, which the latest revised Government figures show produced an annual real growth of 8.7 per cent.

But he was adamant that there was no economic evidence that should persuade the Fed to alter its monetary policies. Periodically criticised for exercising too stringent monetary controls, Dr. Burns said: "*My stock-in-trade is empirical evidence.* We are not the last ones to know what is going on in the economy. If there is need for a change [in the monetary policy] we won't be slow in changing it."

The chief reason for the sudden emergence of caution in economic forecasting has been the recent reduction in consumer spending. The first-quarter record, far stronger than expected at the New Year, rode very much on the back on revived consumer confidence, but in April and May retail sales, a good yardstick, flattened out.

It should be stressed that inside the Administration there is widespread agreement with the thrust of Dr. Burns's comments and remarkably little concern that the economic recovery is in any way threatened.

Revision up

Ten days ago Mr. Alan Greenspan, the normally cautious chairman of the Council of Economic Advisers, suggested that the Administration's official forecast for GNP growth for the current year would probably be revised upwards to about 7 per cent. from the 6.2 per cent. predicted in January.

His comments were based on the assumption that the rate of growth in the first three months was not sustainable, nor, given its inflationary implications, desirable.

Money supply expansion rate cut

BY MICHAEL BLANDEN

THE GROWTH rate of the money supply was sharply reduced last month after the exceptional expansion recorded in April.

Over the past three months, both of the accepted measures of the money stock have shown a growth rate of not much more than 10 to 11 per cent. a year.

This compares with an underlying inflation rate, as measured by the retail price index, of about 13½ per cent. in recent months.

Increases

The money supply figures for the period to mid-May, therefore, fully support the claim on Friday by Mr. Gordon Richardson, Governor of the Bank of England, that the growth of money supply has been moderate.

Statistics over the last few *months, also have highlighted* problems in identifying the basic trend in money supply *movements behind the sharp*, short-term fluctuations which have arisen from a number of special factors.

Large increases have been seen in February and in April this year, particularly in the narrower definition of the money stock (M1). And the *Bank of England* admits that its seasonal adjustments and efforts to iron out special influences are subject to a considerable degree of uncertainty.

There are some indications that the latest month's figures may understate the trend, in a period when there were some in*fluences at work* which might have been expected to produce a more rapid growth in money supply.

These included a further jump in *lending in sterling* by the banking system to the private sector, which normally would be expected to influence the general level of money supply.

After seasonal adjustment, private sector borrowing rose by about £180m., bringing the increase over the past two months to an estimated figure of nearly £600m.

The banks, however, are still uncertain whether this large increase reflects genuine revival of industrial confidence and demand for loans to support investment. There is a strong suspicion that a significant part of the rise is the result of borrowing to finance "leads and lags" over the exchange markets, as companies took precautions against the decline in the value of the pound.

During the four-week period to May 19 the seasonally adjusted money stock on the narrower definition (M1) showed a small fall. On the wider definition (M3), which includes bank deposit accounts, the money stock showed a rise of 0.6 per cent. on a seasonally adjusted basis. *Over the past three months, M1* has risen by about 2¼ per cent. while M3 increased by just over 2¼ per cent.

Over the past 12-month period, the growth rate of money stock also has been quite moderate, with M1 up by 15 per cent. and M3 by only 9 per cent.

Important

One important factor helping to cut growth in money supply last month was the reversal of the exceptionally large number *of items in transit in the bank*ing system in the previous period, the result of the Easter holiday. Sterling sight deposits with the banks, which had been inflated in April, dropped back last month by £339m.

Against this, the rise in bank lending to the private sector was *accompanied* by a significant increase in sterling lending by the banks to the public sector, put at about £140m. after seasonal adjustment.

Editorial comment Page 10

CHANGES IN THE MONEY SUPPLY
Seasonally adjudsted monthly changes, £m. and per cent.

1975	M1	% change	M3	% change
May 21	300	2.1	500	1.4
June 18	−37	−0.2	94	0.3
July 16	326	2.2	252	0.7
Aug. 20	376	2.4	604	1.6
Sept. 17	230	1.5	206	0.5
Oct. 15	73	0.5	462	1.2
Nov. 19	7	—	−238	−0.6
Dec. 10	233	1.4	−22	—
1976				
Jan. 21	−48	−0.3	430	1.1
Feb. 18	620	3.8	573	1.5
Mar. 17	140	0.8	172	0.4
Apr. 21	340	2.0	529	1.3
May 19	−16	−0.1	236	0.6

University heads call for foreign student quotas

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

QUOTA restrictions on the number of overseas students admitted to the 44 United Kingdom campus *universities*, are proposed by the Committee of Vice-Chancellors and Principals in a report issued to-day.

The quotas—the committee prefers the word "limitations"—would be needed to keep the number from overseas down to the present 27,000 or so, because the Vice-Chancellors also want to abolish the practice of charging overseas students higher tuition fees than those for British youngsters.

For the next academic year, the overseas fees will average £416, compared with the "home" average of £182.

This differential should be abolished for the 1977-78 year, and replaced by uniform fees of £250 *for undergraduates and*. *£450 for post-graduates*, says the report, which is understood to have the full support of the University Grants Committee and will be in time for the postponed Cabinet decision on tuition fees in higher education.

At undergradute-level, this change would represent a reduction from the average fee for *the overseas contingent*, and an increase for home students.

To cushion the effect of the increase on British families, the Vice-Chancellors say that the parental income limits on student grants should be adjusted to provide relief.

Fee levels

No specific adjustment is recommended. But Sir Arthur Armitage, chairman of the com*mittee, said that in the past the* tuition fee and the student's minimum grant — regardless of parental income—had both been set at £50. He felt that the minimum grant could well be raised to match the proposed fee of £250.

The relatively low level of fees proposed is apparently intended to insulate universities from "market pressures."

At present only about 10 per cent. of the universities' annual *current income of roughly £600m.* consists of fees, which fluctuate with student demand for courses. This proportion—and the attendant uncertainty—would increase *if fee levels were raised beyond* the committee's proposals, even though extra relief might be afforded to British students.

The Vice-Chancellors are anxious not to let the non-guaranteed proportion of income increase any further. An extra disincentive is that, if a university *set out to raise its fee income* by marketing, the University Grants Committee would cut the extra earnings from the institution's normal grant.

Sir Fraser Noble—head of the working party which produced the report—emphasised that the quota would be set as a total at *national level*, and how many overseas students went to any particular university would be worked out by consultation between the institutions and the UGC.

There would definitely be no inflexible limits set on intakes either from particular countries, *or into particular subjects*, Sir Fraser said.

Giscard visit could give fresh impetus to Anglo-French links

BY ROBERT MAUTHNER

PARIS, June 20.

BRITAIN and France are expected to agree on closer and more frequent political consultations during the four-day State visit which M. Valery Giscard d'Estaing, the French President, and his wife, will pay to the U.K. starting on Tuesday.

Though Mr. James Callaghan has ruled out any institutionalisation of contacts between the two countries on the lines of the Franco-German Friendship Treaty, both sides are anxious to give a new impetus to their relations, which have been distinctly cooler than those between France and West Germany and Britain and West Germany over the past few years.

At present, the two top officials *of the British and French* Foreign Offices meet once a year, while the heads of their political departments see each other three times a year, to discuss bilateral and international problems. But there have been *no* regular bilateral meetings between Heads of Government and Ministers, if these on the sidelines of the European Community's Council of Ministers are excepted.

Given the British dislike for a formal treaty, it is considered probable that the new arrangements will be modelled more on those already in effect between Britain and West Germany, namely meetings of Heads of Government at least once a year and Foreign Ministers twice a year.

An agreement on such a new system of consultations is expected to be the most concrete result of the four hours of talks which President Giscard will *have with Mr. Callaghan and* other British Ministers during his State visit, the first to be paid by a French President to Britain since that of General de *Gaulle in 1960.*

Unification

The discussions, however, will *cover a whole range of bilateral* and international problems, including notably European unification, the Middle East, Africa, the North-South conference and East-West *relations*.

President Giscard, who is staying at Buckingham Palace as the guest of the Queen, is understood *to be particularly anxious to* impress on the British Government and people the need to play a more positive role in the European Community. It is widely felt in France that, in spite of the overwhelming vote at last summer's referendum in favour of Britain's membership of the Common Market, official and public opinion is still lukewarm about Europe.

European unification and the part that France and Britain can play to achieve it, is therefore expected to be the main theme of the speech which President Giscard will make to a joint meeting of the two Houses of Parliament at Westminster Palace on Wednesday.

Another field in which the French feel that there is room for much closer co-operation, is Africa. The French President is expected to sound Mr. Callaghan out on the proposal, made by M. *Giscard at a conference of* French-speaking African countries in Paris last month, that industrialised nations with "historical ties" with Africa and, possibly, the U.S., should set up a special fund for the economic development of the African continent.

Bilateral, industrial and trade relations will certainly come up in the talks and may well be the subject of President Giscard's speech at the Guildhall on Thursday, where he will be the luncheon guest of the Lord Mayor and Corporation of the City of London.

It is not expected however, that any definite decisions will be taken on Britain's possible entry into the European airbus consortium or other joint aircraft ventures, which are still the subject of negotiations between French and British Ministers.

Editorial comment Page 10

FEATURES

ON OTHER PAGES

For latest Share Index 'phone 01-246 8026

LOMBARD

Global inflation's fuel supply

BY C. GORDON TETHER

THERE COULD be no more telling illustration of how much easier it is to tackle inflation in the early phases than to cure it once it has taken hold than the recent OECD estimate that industrialised countries are likely to be clocking up an average of 7 to 8 per cent. during the remainder of the 1970s—that they may, indeed, reach even higher levels if the global economic recovery is not suitably restrained.

For this clearly assumes that, notwithstanding all the talk we have been getting about the importance of restoring monetary stability, it is now coming to be accepted that an inflation rate only a little short of double figures is about the best we can hope for from now on.

Though the pace of inflation continued, according to IMF calculations, to fall over the greater part of the world in the first quarter of this year, it remained disconcertingly fast. For the industrialised countries group as a whole, there was a cut of a third when compared with a year before in the rate of consumer price increases.

Yet, even so, the mean was as high as 8.3 per cent. And though developing countries were, on the whole, doing better than previously, in many instances increases in annual rate terms ranging from around 12 per cent. to as much as 300-odd-per cent.

Cancelled out

Nevertheless, if the OECD pundits have done their homework properly, we are not going to see much more progress than has already been achieved towards the elimination of this evil—not even among the economically sophisticated countries that make up the industrial group. They appear to have come to the conclusion that the work the new spate of incomes policies will be putting in is likely to be cancelled out by the impact on the money-goods gap of the global economic recovery now said to be getting up steam.

It is, of course, still just conceivable that those who have been arguing that we are in a deflationary situation which is likely to persist until the monetary instability issue has been properly tackled may be proved right. But, bearing in mind how difficult it has been to get the wages-prices spiral aspect of the inflation problem under control even with unemployment running at exceptional levels, this possibility is looking increasingly remote.

This being so, the manifest sense of defeatism that surfaced in the OECD document is depressing, to put it mildly. By comparison with the figures that have been reached during the past year or two, a "normal level" of 7 to 8 per cent. may appear to constitute a tremendous advance. Yet there is abundant evidence that an inflation rate beyond the 1 to 5 per cent. range that the world was working to until the late 1960s is destined to have a disruptive effect of a serious order on economic life. And with so many other global problems calling for attention, the world could obviously well do without having such a millstone round its neck.

Certainly, one would have thought that the discovery that this is the kind of "normality" now envisaged on this crucial front would have prompted the thought that there was everything to be said for taking an entirely new look at the matter—one based on the premise that far too much is at stake to leave any stone unturned in the search for a satisfactory solution.

Manipulation

An obvious starting point for such an exercise would be an investigation into the part played by monetary manipulation in creating the present global inflationary problem. Thanks in major degree to the vast quantities of dollars injected into the world's monetary system by American deficit financing, the official reserves element in the international liquidity supply has been very nearly trebled since *the late 1960s.* There has been a similar increase in the element represented by the credit-creation activities of the Euro-currency market.

In view of the well-known relationship between the growth of the national money supply and domestic inflation, it would be surprising indeed if a close connection could not be established between the multiplication of the international liquidity supply in recent years and the onset of the global inflation explosion. And a recent detailed study by the IMF's staff did, in fact, reach the conclusion that changes in international reserves alone accounted for one half of the current world inflation.

This being so, there can clearly be no more effective way of ensuring that disruptive global inflation rolls relentlessly on for ever and ever than refusing to do battle with the forces that—largely for vested interest considerations—are providing its main source of fuel. The astonishing thing is that so many of those in authority who affect great concern about inflation continue to regard this crucially important aspect of the matter as a "non-subject."

LAWN TENNIS: WIMBLEDON — BY JOHN BARRETT

The most open men's title for years

THE NINETIETH lawn tennis championships meeting which begins at Wimbledon this afternoon promises to be one of the most open contests for years—among the men at least.

Three Americans, Arthur Ashe, Jimmy Connors, and Roscoe Tanner, seeded No. 1, No. 2 and No. 7, all reached the semi-finals last year, and a case can be made out for each.

Defending champion Ashe who, as tradition demands, opens the Centre Court programme to-day against Ferdie Taygan, a young fellow American, does not come to Wimbledon with the same sense of destiny that last year guided his steps to the title with some astonishing tennis.

After a wonderful start to the year in WCT and ATP events, in which he earned $278,013 prize money, he chose to forsake the extra week of practice on grass he had last year at Beckenham to honour an obligation to Philippe Chatrier, president of the French Federation, to play in the French Open. There Hungary's Balazs Taroczy beat him in the last 16, and his decision could cost him his Wimbledon title.

Best in world

Connors, of course, is the best player in the world at the moment. He has won eight of the 11 tournaments he has played in 1976, including the U.S. indoor professional title in Philadelphia at the first attempt. In amassing a record $400,000 this year he has lost only three times—twice to his friend and doubles partner Ilie Nastase, and once, significantly, to Tanner at Beckenham. Connors opens his challenge to-day against the No. 4 Italian, Antonio Zugarelli—the third match on the Centre Court.

The swinging left-handed Tanner serve is now backed by some intelligent back-court play, so that the man from Lookout Mountain may scale new heights this year. He is certainly the best outsider, and, if all goes to form, will meet Connors in the quarter-final, perhaps before he is fully wound up.

At 29, Nastase, the No. 3 seed should be at his peak, and certainly there seems a degree of serious intent beneath the banter that suggests he, like Ashe last year, really believes this could be his year. He said he would win the $180,000 Avis Cup, the head-to-head event superimposed upon WCT this year, and he did—magnificently.

Sweden's Bjorn Borg, the No. 4 seed, and Guillermo Vilas (Argentina), at No. 6, seem to me not yet to be ready to win the only major title played on grass. They both hit across the flight of the ball with heavy top spin, and it really needs much more preparation than the one week of secret practice they have allowed themselves to give their undoubted match-playing qualities full scope.

Adriano Panatta of Italy, who has just emulated Borg's 1974 feat by winning the Italian and French titles in succession, now seems to have the qualities necessary to do well at Wimbledon. One of the best servers in the business, he is an eager volleyer and has the knowledge of success against the big names.

In Stockholm last November, he beat both Ashe and Connors

VIRGINIA WADE

on the super-fast tiled courts, and it remains to be seen if he has recovered his zest after three truly punishing weeks. In 1974 Borg was utterly drained and lost tamely at Wimbledon to Ismail El Shafei (Egypt) in the third round.

In the absence of defending champion Billie Jean King the women's event to me takes on the appearance of a three-horse race—with one outsider who might possibly upset them.

The best form this year has been shown by Evonne Cawley, who finished the Virginia Slims tour in America earlier in the year with an astonishing run of 20 consecutive singles victories, including two over Chris Evert, the No. 1 seed here, to win six of the eight tournaments she contested plus prize money of $133,675.

Marriage certainly seems to have sharpened her concentration and given her greater purpose, as she showed when winning Wimbledon somewhat surprisingly in 1971 at the age of 19, she has a natural flair for grass-court play, and although seeded No. 2 to Miss Evert she is my first choice.

Bizarre

Miss Evert has indulged for the first time this year in Team Tennis in America, that bizarre and introspective indoor world played in front of spectators who are encouraged to shriek and cheer. It remains to be seen whether one short week at Eastbourne will be enough to tune her game to the perfect pitch which will be necessary for her to add a second title to the one she won in 1974.

Could this then be Virginia Wade's year? There is evidence to suggest that she may at last have conquered the erratic patches which have marred performances at Wimbledon in the past. Certainly that memorable quarter-final last year against Mrs. Cawley was evidence of the heights she can reach, and only a superlative Australian performance denied her then.

Unhappily, though, it has been Mrs. Cawley who has been her downfall on the Virginia Slims tour. Miss Wade, too, has been on Team Tennis duty, but ran into good form at once in the Colgate tournament at Eastbourne last week where yesterday she lost narrowly to Evert in the final 8—6, 6—3.

ARTHUR ASHE

The outsider is the self-exiled Czech Martina Navratilova, a 19-year-old left-hander with rare qualities of volleying ability not often found in a European. However, there is a doubt about her physical condition and this will need to be at a peak too if she is to upset the three players already mentioned.

The long, dry spell which broke at the week-end will leave the courts much slower than usual. This should make for a better spectacle than usual early on, when so often the sap in the grass, producing a low skidding bounce, keeps the rallies short. It will also, of course, favour those players short of grass-court practice, and will to that extent be a levelling factor.

CRICKET/2nd TEST — BY TREVOR BAILEY

Greig must force scoring rate

BAD WEATHER prevented a ball being bowled at Lord's on Saturday. But it must be admitted that about a half hour's play would have been feasible at the start, if both captains had not been frightened about the effects of the rain on a pitch that would then have remained uncovered until the close.

It was a big disappointment for a capacity crowd who had hoped to see England capitalise on their unexpected match-winning position — a lead of 95 with all their wickets standing and plenty of time to increase this and also to bowl out the opposition, especially if the pitch took spin in the closing stages.

Now, with one day washed out Tony Greig will have to re-think his tactics. He needs to gather runs quickly, which will not be easy against the West Indian pacemen and a depressingly low over rate. In addition his batsmen have been deliberately chosen more for their ability to withstand a siege than for their attacking flair.

It could well be that he will have to promote himself in the batting order, as he is the only player in the team who in normal circumstances one would fancy could make a century against an international attack in under 4½ hours.

Assuming there are no further interruptions, probably the best chance of an English victory ironically would be for England to be bowled out for just over 200. It would leave the West Indies about 300 to score on the final day. This being well within their range, they could hardly resist and, if the ball was turning it would probably be just beyond their powers. Whatever the outcome it would guarantee a fascinating Tuesday.

If Tony Greig has to declare, the odds are that his target is likely to be a shade too high to appeal to Clive Lloyd. Test captains are not noted for their generosity in this direction, which is understandable as the outcome of the whole series, not merely the match, could hinge upon it.

The prospects for the next two days are certainly exciting —English batsmen seeking runs rather than survival, while their bowlers are trying to maintain their mastery they achieved through the efforts of Snow and Underwood in the West Indian first innings.

From an entertainment angle it is also preferable that the visitors will be batting last, for if the positions were reversed, a dull draw on Trent Bridge lines would be the logical outcome, because our batsmen are very proficient at occupying the crease in these circumstances.

GOLF — BY BEN WRIGHT

Mahaffey's chance to fulfil dream

John Mahaffey has eaten, slept, and dreamed only about this U.S. Open golf championship since being beaten in an 18-hole play-off in Chicago by Lou Graham last year.

Rain permitting, he had a wonderful chance to make his dream come true over the Highlands Course of Atlanta Athletic Club in the final round of this, the 76th championship.

Mahaffey had put together three excellent rounds of 70, 68 and 69 for a three-round total of 207, three under par, to lead by two shots from the 1974 U.S. amateur champion, Jerry Pate (71, 69, 69).

This attractive twosome were to be last out this afternoon, Mahaffey looking more like a choirboy than a hardened professional and Pate, another slim, frail-looking blond, in with a chance of making history by winning the championship in his first full season as a professional.

If anyone was to come from behind, he would probably be in the penultimate group of Tom Weiskopf (73, 70 68—211) or Al Geiberger (70, 69, 71—210). There was a quartet on 212 which comprise Ben Crenshaw, Rod Funseth, Mike Morley and Lyn Lott, who only started in the event because Lee Trevino pulled out, injured.

But this foursome appeared too far back, as did all the big names, notably Hubert Green (213), J. C. Snead (213), British Open champion Tom Watson (214), Johnny Miller (215), U.S. Masters champion Ray Floyd (216) and Jack Nicklaus, who readily conceded defeat last evening when his total skied to 219.

Best effort

Mahaffey's effort yesterday cannot be praised too highly, for he is a stocky little man, against whom the conditions mounted a considerable challenge.

Play was washed out for nearly two hours in mid-afternoon and Mahaffey only finished his round minutes before darkness, with very few spectators still around to inspire him.

In a sense, Mahaffey's finish was a disappointment last evening, because at one stage he was no less than five shots ahead of his nearest rival, who, at the time — the ninth hole — was Funseth.

Mahaffey dropped a shot by driving into the rough at the 16th and, by this time, that area was so sodden it was impossible to do more than move the ball a little way forward, hopefully into the fairway.

The leader also dropped a shot at the 205-yards 17th hole by missing the green.

But he showed his mettle at the immensely dangerous 460-yard finishing hole, which is plentifully strewn with water and other hazards, by smashing a three-wood second shot within six feet of the hole. Significantly, none of those chasing him needed a wooden club to reach this green.

Mahaffey's play in the early stages, however, was worthy of the highest praise. His putting was inspired, both when he needed to save himself and also when he was recording birdies to leave his rivals trailing.

He holed from 16, 18, 20, 25 and 3 feet for birdies at the second, fourth, seventh, 12th and 14th holes. The fourth of those birdies was particularly brave, since he had just taken a double bogey six at the controversial par four 480-yard 11th.

Weiskopf was the one man the majority of critics expected to unseat Mahaffey to-day in that the conditions could not have been more perfectly set up for him. He was playing better and better as the week went by and required victory terribly badly to regain his self-respect.

This has taken a considerable battering in the past three years since he won the 1973 Open Championship at Troon.

Peter Oosterhuis had no chance of victory. His rounds of 73, 75, and 74 for a total of 222 had just not been good enough and this was in no small part due to the way he had started every day.

He had taken 38 shots to reach the turn on all three days and, without exception, had ruined his chances over the first four holes.

But in all truth, he was terribly unlucky yesterday. A perfectly good-looking second shot to the first green broke fiercely right on landing on the green and jumped into the deep rough to cost him a stroke forfeit to par.

A good-looking second shot at the second hole skipped through the green and the big fellow could only move it 15 feet towards the green with a brutal hack.

He had a long, unfortunate wait because Bruce Devlin, playing in front of him, found the water at the fourth hole. Perhaps Oosterhuis consequently leaned a little too hard into his long iron shot, for again the ball skipped through the green and this time our man took three putts for a bogey four that effectively put him finally out of the race.

RACING — BY DOMINIC WIGAN

Mandate for Mile

WITH RED Ruby and Venus of Stretham both surprising absentees from to-day's £4,000 Brighton Mile (3.00) the way seems to be clear for that much improved Manacle colt *Mandate.*

Richard Hannon's strong brown 3-year-old, who has obliged on three occasions since running the fitter Burma Pink to three quarters of a length on his seasonal debut at Salisbury early last month, put up a particularly praiseworthy effort when disposing of Amadina in the Sidney Thompson Memorial Handicap here five weeks ago.

A reproduction of that form should see the progressive Marlborough colt, who has won twice since then, outpace the recently disappointing *Huntsman's Leap* and the lightly weighted *Heracles.*

Half an hour after the Brighton Mile, another tough and genuine performer who knows this course, *Perucio,* bids for his fourth course and distance victory in the 1¼-mile Peacehaven Handicap.

The Reg Akehurst-trained five-year-old has had his task made considerably easier here through the withdrawal of those smart performers, Wephen and Mantop. I expect to see him followed

BRIGHTON
2.00—Trumpet Call
2.30—French Reverse
3.00—Mandate*
3.30—Perucio**
4.00—Lei
4.30—Val d'Isere

PONTEFRACT
2.45—Miss Sandman
4.15—Lily Augusta
4.45—Sabala***
5.45—Conrad

WOLVERHAMPTON
7.40—Henry Stuart
8.10—Heath Wood
8.35—Kashville

home by the veteran top weight *Traquair.*

Henry Candy has always had a good opinion of *Sabala* and he will be disappointed if this Tribal Chief filly does not go close to giving weight away all round in Pontefract's feature event, the Ackworth Handicap (4.45).

ATHLETICS

Rod Dixon—runner with a Freudian touch

By Michael Thompson-Noel

FREUD, had he ever made study of the psychological mi field of middle-distance runni would have applauded tactics of New Zealand's Dixon, an international ma in the art of jangling his op nents' nerves.

With the flamboyance of man who already feels weight of the Montreal Olym 5,000 metres gold medal aro his neck, Dixon powered thro the puddles at Crystal Pal on Saturday to win the Pi Electrical invitation mile in Southern Counties champ ships in a crisp 3 minutes seconds.

Then he switched to "Would Foster have been ing that?" he asked, refe to Britain's Brendan Foster top man in the world over 10 metres last year and Di only conceivable stumb block in the Montreal 5,000 he was he'll know it was several seconds faster becau the wind and the rain."

If Foster was watching sight of the tall, tanned D bursting for the tape final 200-metre sprint that him clear of his field must brought a frown to Foster's because the sprint showed Dixon's speed-work schedu working out well. The las clocked under 55 seconds.

Last winter, Dixon built ton of strength" with solid tioning work at home. Now in Europe for a six-week tour designed both to tune acceleration and play havoc his rivals' nerves.

From London he goes Helsinki where on Wednes he'll race over 1,500 against world mile record John Walker, also of Zealand. Dixon's final stop Montreal will be Stockholm July 10.

Dixon tapped the world metres rankings last year wi time of 13:21.6 compared the 13:27.4 he clocked when ing Foster in an invitation on Foster's home track in head.

But Dixon's most remar feature is versatility. His of personal bests include seconds for 400m., 1:47.6 800m., 3:33.9 for 1,500m., for the mile and even 1 hou minutes for 20 miles.

More mature

He has won an English cr country championship over miles (beating a perplexed Bedford, now recovering fro thigh operation and adjusting sights to the 1980 Olympics); [illegible] marathon in under 2 hours minutes.

Perhaps he could. But wi win the Montreal 5,000? Yes. Although he is also ent for the 1,500 metres, in whic won the Munich bronze me Dixon is virtually certain to centrate on the 5,000.

Dixon says he is a much m mature athlete now than Munich. "I've learned so about racing aggressively about the personalities rivals."

Of these, the most poi Foster, who will also run Montreal 10,000 metres. this that worries Dixon. 10,000 metres (a final final within 48 hours) before the 5,000.

Should Foster lose the race his determination to good in the shorter event probably lead him to Dixon and the other 5,000 finalists with the sort second laps that can plunge the world's best into trouble.

Paradoxically, should win the 10,000, his determina tion to make it a double could discomfor New Zealander.

The only other Mo pointer at Crystal Palace Geoff Capes' continued tency in the shot. De having to pivot his bulk rain-soaked circle, which loathe, Capes got in a throw of 21.36 metres (70 1 inch to the unmetricated).

Capes is at present fourth this year's world list behind Americans Terry Albritton, earlier this year nudged world record to 21.85m. Al Feuerbach and Geo Woods.

Cape's own best is this ye Commonwealth and U.K. rec 21.55m. (70ft 8½in.), so he present about eight to inches off the sort of th that will win the Montreal go I bet his budgerigars are cited.

YACHTING

Old campaigner wins hard race

By Stuart Alexander

CONDITIONS WERE dismal the dauntingly early start of annual Round the Isle of Wi race, between 6.30 and 7.15 Saturday morning. But by early afternoon they had beco downright miserable.

The day was hardly one the bikini-clad amateur. From moderate westerly, back through south westerly to nea south, the wind veered viciou back to the west, giving nea 400 starters a wet, hard, he home up the eastern Solent Cowes in gale force gusts of to 40 knots.

Overall winner was that det mined, wily, old, campaign Bruce Banks in Windspri with David Thomas in the ne three-quarter-tonner Liz of Ly ington II.

Class one winner was Yeom XX, with Alsher Father and so Sir Maurice Laing's Lou Jai was second and Edward Heath Morning Cloud 3rd.

TV/Radio

BBC 1

† Indicates programme in black and white.

7.05 a.m. Open University (UHF only). 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.05 p.m. Cricket: Second Test, England v the West Indies. 1.30 Barnaby. 1.45 News. 1.55 Wimbledon Lawn Tennis Championships. 4.23 Regional News (except London). 4.25 Play School. 4.50 Blue Peter. 5.15 Bewitched. 5.40 The Wombles.
5.45 News.
6.00 Nationwide (London only).
6.15 Wimbledon 1976.
7.25 Star Trek.
8.10 Panorama including an interview with President Giscard d'Estaing.
9.00 News.
9.25 The Monday Film: "The Landlord."
11.10 To-night.
11.45 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—1.30-1.45 p.m. Pili Pala. 6.00-6.15 Wales To-day. 7.25-7.45 Heddiw. 7.45-8.10 To-morrow's World. 11.45 News and Weather for Wales.

Scotland—6.00-6.15 p.m. Reporting Scotland. 11.10-11.45 Public Account. 11.45 News Summary and Weather for Scotland.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.15 Scene Around Six. 11.45 News Headlines and Weather for Northern Ireland.

England—6.00-6.15 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40 a.m. Open University.
11.00 Play School.
11.25 Cricket: Second Test, England v the West Indies.
2.05 p.m. Cricket: Second Test/Wimbledon 1976.
7.20 News on 2.
7.40 Network.
8.10 Barbary Coast.
9.00 The Pallisers.
9.50 Inside Medicine.
10.20 Wimbledon (highlights).
11.10 Cricket: Second Test (highlights).
11.40 Newsnight.
11.55 Closedown: Julian Glover reads "The Going," by Thomas Hardy.

LONDON

9.30 a.m. Schools Programmes. 10.30 Inner Space. 11.00 Schools Programmes. 12.00 Simon in the Land of Chalk Drawings. 12.10 p.m. Rainbow. 12.30 Drive-In. 1.00 First Report: News, FT index. 1.30 Lunchtime To-day. 1.30 Marked Personal. 2.00 Good Afternoon. †2.30 Monday Matinee: "For Them That Trespass," starring Richard Todd. 4.15 Cartoon. 4.25 Clapperboard. 4.50 The Feathered Serpent. 5.20 Batman.
5.50 News from ITN.
6.00 To-day.
6.45 Billy Dainty Esq.
7.30 Coronation Street.
8.00 My Brother's Keeper.
8.30 World In Action.
9.00 Bill Brand.
10.00 News.
10.30 The Monday Musical: "Speedway," starring Elvis Presley, Nancy Sinatra.
12.15 a.m. A Prayer for To-day.

All ITV regions as London except at the following times:

ANGLIA

12.30 p.m. Out of Town. 1.25 Anglia News. 2.00 Houseparty. 2.30 Monday Afternoon Film: "Smashing Time," starring Rita Tushingham, Lynn Redgrave and Michael York. 4.25 The Romper Room. 5.20 Nanny and the Professor. 6.00 About Anglia. 10.30 Monday Late Film: "Dance Of The Vampires," starring Roman Polanski and Alfie Bass. 12.10 a.m. Reflection.

ATV MIDLANDS

12.30 p.m. Kitchen Garden. 1.20 ATV Newsdesk. 2.30 Feature Film: "Blossoms in the Dust," starring Greer Garson and Walter Pidgeon. 5.20 University Challenge. 6.00 ATV Today. 10.30 Platform for Today. 11.15 The Protectors. 11.45 Epilogue.

BORDER

12.30 p.m. Farmhouse Kitchen. †1.20 Border News. 2.00 Houseparty. †2.30 Monday Matinee: "You Must be Joking," starring Terry-Thomas. 5.20 Out Of Town. 6.00 Border News and Lookaround. 6.15 Borderers. 10.30 Monday Late Film: "Dr. Strangelove," starring Peter Sellers and George C. Scott. †12.12 a.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 2.30 The Monday Matinee: "The Bravos." 5.20 Survival. 6.00 Channel News. 6.10 Cartoontime. 6.20 Adventures in Rainbow Country. 10.30 The Collaborators. 11.25 News and Weather in French followed by Channel Gazette.

GRAMPIAN

12.30 p.m. Farmhouse Kitchen. 1.20 Grampian News Headlines. 2.30 Monday Matinee: "Blossoms in the Dust" starring Greer Garson and Walter Pidgeon. 5.20 The Mary Tyler Moore Show. 6.00 Grampian Today. 6.10 Cartoon Time. 6.15 Survival. 10.30 Liberal Conference Report. 11.30 The Protectors. 12.00 Evening Prayers.

GRANADA

12.30 p.m. The Galloping Gourmet. 1.20 This is Your Right. 2.30 Monday Matinee: "Blossoms in the Dust" starring Greer Garson and Walter Pidgeon. 4.20 Betty Boop. 5.15 The Pied Pipers. 5.20 Wait Till Your Father Gets Home. 6.00 Granada Reports. 10.30 Reports Action. 11.00 Appointment with Fear: "The Hand of Night" starring William Sylvester.

HTV

[illegible]

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.30 Hamdden. 6.00-6.22 Y Dydd. 8.30-9.00 Yr Wythnos. [illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

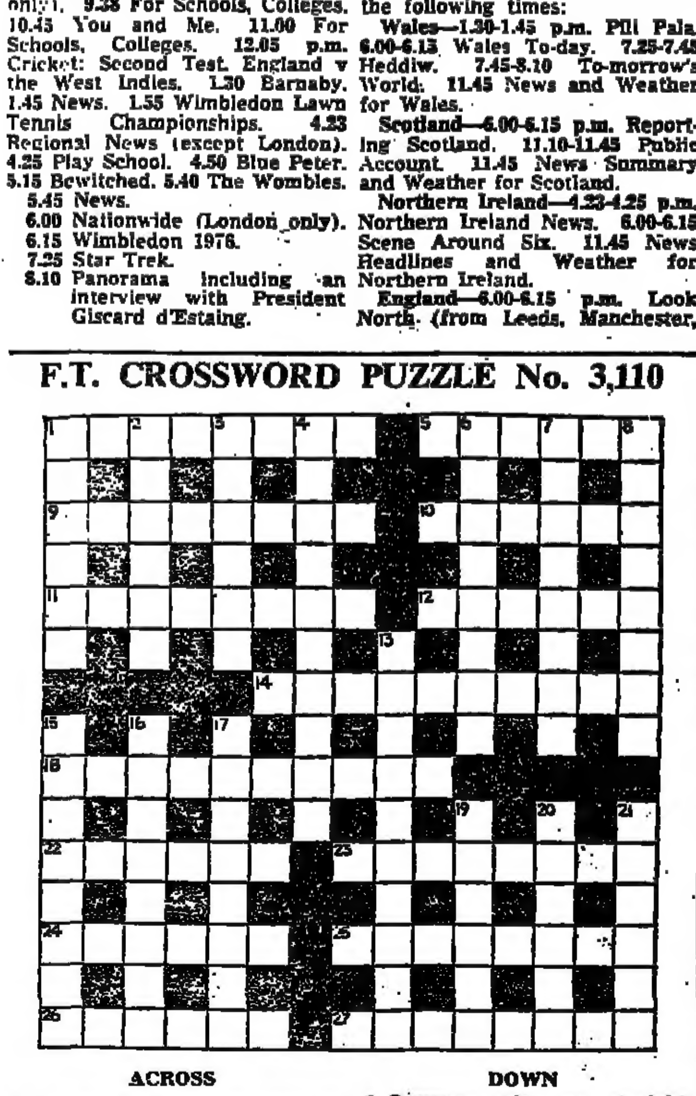
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,110



ACROSS

1 As much as one can take to make a graduate wicked (8)
5 Could be so slim and athletic (6)
9 In which a sponger takes the chair we hear (4-4)
10 Transfer a direction indicator (6)
11 Cross-country gets off the ground (8)
12 Manage to win an upper class conveyance (6)
14 Much of what a negotiator hopes to achieve (1, 5, 4)
18 Broke with ice (2, 3, 5)
22 Plant let minutes before (6)
23 Ask within for more (8)
24 Winds like a 7 (6)
25 Expose guile of a flyer (8)
26 Is a railway able to take bird? (6)
27 One had the French nose for sloth (8)

DOWN

1 Overseer with no straightforward motion on board (6)
2 Material for one day even (6)
3 Not any dance at Lords is extra (2-4)
4 Likely to do mischief until worthless (2, 2, 2, 4)
6 This month workers are making seconds (8)
7 Upset Wren slid into rogue (8)
8 Chap 100% concerned with courage (8)
13 Busiest time to stop in Derbyshire (4, 6)
15 Companies got together over one cent beauty aid (8)
16 Beast made to hedge a tiny bit (8)
17 Press employee about drink ... (8)
19 ... whether turning up to land a cab (6)
20 Dangerous place for valuables at Lake Success (6)
21 Free to make key artist sit up (6)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Young Vic

Troilus and Cressida

by MICHAEL COVENEY

As the National's third theatre, e Cottesloe, will not be ready itil later in the year, the ason planned to open it is now ider way at the Young Vic. oilus and Cressida is one of e most difficult of plays to ing off and yet one which is tentially the most exciting and odern in the entire canon. How d then, that Elijah Mosbinsky s elected to direct it in so corous and hieratic a manner. e production looks beautiful, unds good and bears all the llmarks of an organised, uparket package. What it lacks a raw streak of conviction in cussing the conduct of men war when obsessed with the me and mythology of their ponents.

The design, by Timothy Brien and Tazeena Firth, fects a dazzling transformation the Young Vic's interior. A nded acting area is fenced off e a bullring from the dience. Three evenly spaced ort stairways lead to another ting level backed by a large nvas drop that does well for erything from Achilles' tent Priam's palace. And from neath that level, actors emerge to the main area from the reets of Troy. The costumes e beautiful, ranging from eated, pastel robes for the ojans to dusty grey bandages r the Greeks: Nestor (Nicholas rby) looks like nothing so uch as a flaking mummy, his caying vine leaves and wry pressions of world weariness e merest flickering evidence of y claim to life.

Diana Quick is a marvellous essida, as afraid of her sided self as she is impressed the Greeks when passed ound on arrival. This Cressida impulsive, impressionable and, ove all, uncommitted. If she loves Troilus, Miss Quick makes it quite clear that Cressida would perhaps sigh for him, but never die.

She presents a picture of pragmatic sexual behaviour that strikes the one really modern chord in the whole show. As Troilus, Simon Ward gives an intelligent performance, his best scene coming when he is given what he takes to be conclusive evidence of Cressida's falseness as she paddles palms with Diomedes (Andrew Hilton), moving from there to a powerful expression of renunciation and blind commitment to military vengeance.

Robert Eddison makes Pandarus an eloquent matchmaker showing no special favour towards Troilus and closes the play magnificently with his anguished analysis of the agent's function.

The verse is so complex in its qualities of dialectic that only argument fully harnessed to character portrayal will serve to make it fly. So it is not enough to show Ulysses (Philip Locke) as merely a sarcastic malcontent launching his wisdom on largely unheeding ears. For all his technical accomplishment and polished delivery, Mr. Locke comes across as a kind of super fool, a voice echoing pointlessly *in a brutish chamber.* There is similar panache in the performances of Denis Quilley as the headstrong Hector (borne off at the end by a mysterious band of helmeted Myrmidons) and Gawn Grainger as the reluctant braggart, Ajax. But they are studies in *style before they are* anything else.

The general artiness of the evening is suitably supported by discreetly memorable music by Henry Ward and brilliant lighting by David Hersey and Stephen Wentworth.

Festival Hall

Mahler's Fifth

As his big work at Thursday's ondon Symphony concert, acques Delacote chose the ifth Symphony of Mahler. Unsual choice for a French conuctor was the immediate eaction, until one remembered ow Boulez has shed his special rand of illumination on this ork. M. Delacote does not (on e evidence of this concert) ossess the same power of cutely lucid and sensitive xposition. His reading of the ymphony was less penetrating, ss even, less generally satisfyng, but it had in parts a simpler, ore direct, physical appeal hich produced, in this listener least, a stronger reaction.

The first movement, it must e *granted, was not unduly* omising, with rather emarrassing moments where ring phrases were lightandedly arrested in mid-air for tweak with the curling tongs, nd stretches where M. Delacote ppeared to be employing the rivialry that Mahler uses as a eapon as an end in itself.

In the Adagietto the tongs ere out again, with Mr. Delaote teasing the phrases into hapes (and out of shape) as ovingly and lingeringly as a rench Barbirolli. But the marathon scherzo had some fine moments, most of all from the LSO horns. Something about Mahler's horn writing is utterly personal—one senses all the German romantic tradition with Weber, Schubert, Wagner, Brahms and Bruckner behind the strangely stirring calls, yet however laden they may be with associations, they remain quite unmistakable.

The endless flow of No. 5 had already, before the interval, been exposed by the concision of one of Mozart's finest piano concertos —K 450 in B flat. The soloist, Imogen Cooper, gave a beautifully rounded, almost flawlessly executed performance with only two things one could fault. The first was a tendency (not uncom*mon, but for that reason* the more remarkable that pianists don't guard against it) of allowing semi-quaver runs to drift airily ahead of the basic rhythm. The second, more difficult to pin down, is very probably due to the honesty of a young pianist who won't pretend what she can't yet carry off—meaning that the finale, though there was plenty of glancing wit, did not give the full strength and sinew concealed inside Mozart's deceptive lightness.

RONALD CRICHTON

Vaudeville

Baggage

By the start of Act 2, Lee angley's comedy has Michael, a anagement consultant (Gerald Harper), in bed with his exmistress (Prunella Gee), where e is discovered successively by is son (David Warwick), a callirl (Judy Buxton) and his exife (Hannah Gordon). The ction, before and after this oint, is ill-articulated, and when Michael finds himself, like the ero of *Inadmissible Evidence,* eserted all round, there is no eed for tears, since the author ould have contrived almost any ther conclusion with a stroke of he pen.

Various themes are somewhat asually raised: the generation ap, marital fidelity, parental fidelity, what does it matter, they are discussed so superficially, in dialogue so fictional, that the arguments cannot be taken seriously. The presence of Una Stubbs as Michael's secretly-fond secretary seems to have no object but the introduction of another television name.

The revolving set, presenting three equally schematic rooms, was designed by Graham Brown, and the direction is the work of Val May, who has not been altogether successful in persuading his company to put much conviction into their trivial dialogue. I found the evening a sorry welcome home after my transatlantic revelries, I must say.

B. A. YOUNG

Zoë Dominic

Jeremy Brett and Maggie Smith in 'The Way of the World'

Canadian theatre

On Avon, Ontario

by B. A. YOUNG

Robin Phillips opened this year's Stratford Festival with Congreve's *The Way of the World.* He had intended to open with *The Merchant of Venice,* directed by Toronto's Bill Glassco, as a courteous gesture *towards* the Canadians who, ever since his appointment two years ago, have been sniping at the excessive number of English *involved in their Canadian* festival; but it became clear that *The Merchant* was not a production good enough to open a *festival with.*

So the gesture backfired. Writers like Gina Mallett of the Toronto Star complained that Robin Phillips was taking far too much of the programme on himself (indeed he is directing or co-directing seven plays out of ten) and in any case wasn't making much of a job of them and was letting down the stars *he had assembled.*

In such circumstances, to begin with this difficult play was audacious. With its dialogue of *serpentine elegance,* its *complex* plot, its opening in which for about 20 minutes characters merely talk wittily of other characters we don't know, *it is* not easy to grasp, and the first-night audience of official guests sweating in their dinner-jackets were not likely to be connoisseurs of Restoration comedy, a commodity little known across the Atlantic.

Those connoisseurs present were rewarded with an exquisite production. It begins with a *coup de théâtre,* when the dark is suddenly broken to show the stage dressed overall with the whole company: dark again: then the light brought up to show Alan Scarfe as Fainall, speaking the Prologue with fine elegance. In the chocolate-house, before the pretty glassed-in balcony designed by Daphne Dare, he begins talk with Mirabell, a bland aristocratic performance by Jeremy Brett; *they are joined by* Witwould and Petulant (Keith Baxter like a 17th-century Quentin Crisp in a piebald wig, *Bernard Hopkins pompous* and pudgy). With Mrs. Marwood and Mrs. Fainall (Domini Blythe and Mia Anderson) the plot thickens, or rather it thins, the story begins *to emerge* from all that smart talk; and then, up in the balcony, a flash of miraculous light with Millamant, with Maggie Smith.

Maggie Smith was born to play Millamant. *It is astonishing* that no one has thought of it before, and it is characteristic that it should have been *thought of at Stratford Festival.* Her gurgling good humour is only the beginning of it; as the *play progresses* and her feeling *for Mirabell matures, she con*veys deep emotion through society small-talk with a wondrous blend.

Lady Wishfort is done by Jessica Tandy with a sensible suggestion that Wishfort in her day was also a great beauty. She *may look to herself* like an old peeled wall, but she moves yet like a lady of breeding, and if her tongue betrays her at least she handles her temper with flair.

There is some pretty playing in the smaller parts too, by Jackie Burroughs as a skull-like Mincing joining determinedly in the dances, Jan Kudelka as conniving Foible, Barbara Stephen as the stupid girl Peg. It is indeed one of the particular virtues of this company that young *players are given oppor*tunities they would never otherwise find of playing in classic pieces with actors of experience.

At the Avon Theatre Stratford's Young Company is to be seen in strength. Some of them are so inexperienced when they *apply to join* that they *do not* know what an audition is, let alone what they should do. Yet under the intelligent teaching *they are given some of them* advance with astonishing speed. In his second year with the company, which was his second on the stage, a tall boy with a beautiful voice, Stephen Russell, was chosen to play Valentine in *Two Gentlemen of Verona.* I saw him as a useful *Horatio;* and what was more impressive, he was able, in the dark, to make a real individual out of the *Boatswain at the beginning of The Tempest.*

It was at the Avon I saw *The Importance of Being Earnest,* on the whole a conventional production with a pretty free-standing set by Daphne Dare. The all-Canadian company (some of them, it must be confessed, only Canadian by the skin of their teeth) include a well-matched *pair of young men. Barry* MacGregor as Algernon and Nicholas Pennell as Jack; two attractive girls, Pat Galloway as *Gwendolen and Marti Maraden* as Cecily; and a somewhat exceptional Lady Bracknell in the person of William Hutt, who plays the part absolutely straight and very well.

It is by no means sure that Robin Phillips will want to renew his contract when it expires next year. If he does not, Stratford will lose not only a series of productions that have won a great deal of admiration everywhere, it seems, but in Toronto, they will lose the foundation of *a Canadian national theatre of* inestimable value to them. Whether they will also lose such fringe benefits as Stratford's *Church Restaurant, which serves* classically good food and wine in what is indeed a converted church, and for the first time in the town's history has introduced patrons to supper after the show instead of dinner at 6 p.m., is another matter that some might consider almost equally serious.

Sherman, Cardiff

It Happened in Venice

by GARRY O'CONNOR

Goldoni's 18th century *Le Baruffe Chiozzotte* has been adventurously transported to modern *post-war Venice* in Richard Sparks' adaptation. The adaption. The seedy seafront is shown by a squat pair of sunbaked bungalows between which a formidable quintet of wives and sweethearts hang up their underwear on washing lines. A *quayside Romeo appears,* provoking a marvellous slanging match which ends up the Commissioner of Police's office. He, in turn, *attempts seduction of the* youngest and prettiest wench with promise of a dowry, in *recognition of extra-matrimonial rights to be exercised while hus*band is away at sea.

This adaptation in Ian Watt Smith's hand captures the *atmosphere of some outstanding* post-war Italian films like *I Vitelloni.* Goldoni shows an almost breathless desire to *juggle numerous elements of* plot in the air at once. Mr. Watt Smith contrives with great care to match and balance his *own attention to uninhibited* naturalistic detail with the set pieces of the original. Fortunato's rhapsodic homage (as *played by Phillip Manikum) to* a well-endowed bosom is an excellent example.

Everyone speaks throughout in a *greater* or lesser variation of Italian accents. I was uneasy at first as Christina Greatrex, Heather Ramsay, and Lesley Joseph swivelled their hips *1940s style* and swung on black heels, rasping out melodious and throaty insults. But the accents are so infectiously well maintained and accurate but for one or two of the men sounding like Chico Marx, one becomes perfectly attuned.

John Rhys Davies has a fine manner of paternalistic lechery as the Commissioner and his interruption of the final marriage line-up to begin a speech has the house rapt. Otherwise the gusto and relish of love-making and brawling abate little. Michael O'Donoughue's tortured and hilarious stammer as Vincenzo must be mentioned. This has everyone in hysteries. *Mr. O'Donoughue's stammer is in* the highest comic tradition, and the production has pace, excitement and commitment which should spread the company's reputation far and wide. I'm only surprised this play, in Goethe's opinion the best of Goldoni's 260, is not *more* frequently done.

The Entertainment Guide is on Page 25

Henry James memorial

A memorial stone to Henry James was unveiled last week in Poets' Corner of Westminster Abbey by Mr. Alexander James Jnr., his great-grand-nephew, at a service of dedication. The congregation, which included many distinguished writers and scholars from England and America, was welcomed by the Dean of Westminster.

Tributes to James from England and France were given by Stephen Spender and Professor Roger Asselineau of the Sorbonne. A laurel wreath was placed upon the stone from the admirers of Henry James on both *sides of the Atlantic. The address* was given by Leon Edel, Citizens' Professor of English in the University of Hawaii at Manoa and the biographer of Henry James.

A. C.

Aldwych

The Iceman Cometh

by B. A. YOUNG

The Royal Shakespeare *Company's production of* O'Neill's great play, directed by Howard Davies, is firmly anchored both in the author's requirements and the author's own recollections that fill the play. The number "252" to be read in reverse on the transom *of the door leading into the* squalid bar where the dozen-and-a-half deadbeats congregate, stands for 252 Fulton Street, site of Johnny the Priest's, or James J. Condon's. The grouping of the guests at Harry's birthday party recalls, as O'Neill wanted, a representation of the Last Supper. Even the appearance of Patrick Godfrey as Hugo Kalmar is based on the real looks of Hugo's original: the fact that he turns out so much like Trotsky is a happy coincidence.

The tale that O'Neill tells in *four-and-a-quarter hours* would have been handled by an economical writer like Hemingway in a brief short story. It is so prolonged, quite a way beyond its real capacity to my mind, because of O'Neill's two weaknesses, his indulgence in autobiography and his inability to stand back from his canvas and see when a detail has been made and need not be put in again.

The story is a moving one. "Hickey" who was to have been played by Ian Holm, but who is done in his place, quite admirably, by Alan Tilvern, looking like James Cagney) is a travelling salesman who periodically descends on the bar to wallow in booze with its other inhabitants. This time, though, his visit is different; he has given up drinking and he wants to convert everyone there to "real peace," which in most cases means persuading them to tidy themselves up and go out looking for work.

Speculation about Hickey's curious and embarrassing conversion leads in the end to the revelation of the truth: Hickey *has shot his wife.* The *details* of his motives in doing so, given in a long speech for Hickey at the end in a clumsily contrived *scene, are powerfully sad. Once* he has been led away between two cops, the bar can resume its former aspect, the No Chance *Saloon, as the former anarchist* Larry Slade (Patrick Stewart) calls it, Bedrock Bar, the End of the Line Café, the Bottom of *the Sea Ratskeller.*

Larry is the only one of the chorus of deadbeats who has any individual dramatic function. *He knows why young Don Par*ritt has drifted into the bar and why he sits there alone and shifty. Don has shopped his *local anarchist cell,* including his mother—for good-living money, he says at first, but later confesses that it was also because he couldn't stand his mother. This sub-plot is not very well handled, and as Don must be essentially a recessive figure Keith Cranham does not manage to make much of him.

Almost all the characters are drawn from O'Neill's life, and they tend to be caricatures rather than portraits, each one provided with a personal catch-word or quality which is worked over and over again like a running gag. The play is *indeed* full of faults, not least the final roll-call of all present after the play is past its real conclusion *and our interest in this particu*lar lower depth is sated — though naturally, if they all represented the author's old *cronies, you can understand* his wanting us to know what became of them. But in spite of the faults, the play is marvellously *evocative and sympathetic,* and Hickey's story is a truly terrible one.

Outstanding among the big *company are Norman* Rodway as Harry Hope, owner of the bar and the flophouse above it, Bob Hoskins as Rocky, the Italian *barman-cum-ponce,* and Patrick Stewart as Larry; but they all dress the stage very effectively, and the atmosphere is well sus*tained. The sordid interior of* the bar is realised by Chris Dyer.

Glyndebourne

Le Nozze di Figaro

by DAVID MURRAY

Peter Hall's much-praised production of *Figaro* has been rehearsed this year by Adrian Slack. I missed the original, and cannot say whether anything has been lost in the re-creation: what counts is that it looks fresh, and plays like a good comedy. So far as lies within the power of the *régisseur,* all the facets of the piece are impartially rotated before us, a rebuke to producers who feel redundant unless they can develop one dramatic theme at the expense of all others. In designing his *immaculate sets,* John Bury seized unerringly upon the main dramatic point about every room, which is that it is cheek-by-jowl *with other rooms: this house*hold is continually living in each other's laps. The game of mistaken identities in the garden *limps a little, perhaps cramped* for plausible space. The confetti which, at the end, cascades pointlessly from the night sky would enliven the evening more if used to pelt the audience during the interval.

None of the leading roles is taken with unusual distinction—though that underlines the collective vitality of the action, in which persons of radically unequal status conspire as equals. The musical weight should then have fallen on the ensembles, but on Saturday they had several rickety patches. If communication between stage and pit was imperfect, Calvin Simmons enjoyed fine rapport with his orchestra; the London Philharmonic played with fizzing energy, and needlepoint delicacy. Mr. Simmons has the knack of drawing inner parts freshly to the surface, and he paced the opera judiciously (bar one *gaffe:* too heavy a brake at the first comic discovery of Cherubino).

The ladies are mostly new, including Cynthia Buchan's Cherubino, who is not a lady, but—unfortunately—more a sort *of Bedales girl. The voice has* an agreeably individual timbre; she acts "Voi che sapete" too much, forgetting that it is a set-piece within the play. *As the* Countess, Bozena Betley has a vivid line in languid gloom. She seemed overawed by the great arias, in which she pressed anxiously ahead of the beat a tight-pinched tone, quite different from the richer voice she displayed elsewhere.

Hans Helm does the Count in the current German manner: solid, blustering, a baffled bull-calf—not remotely dangerous. (Compare the elegantly feral Count of Gergman's *Smiles of a Summer Night* with his ninny twin in Sondheim's *A Little Night Music.*) Knut Skram's sturdy, well-sung Figaro has no grain of mischief: a natural, straight man and gull, despite his self-assertiveness. As is usual in such company, the Susanna ends by dominating the action: seeming at first a mere *soubrette.* Adrianne Csengery develops rapidly and stylishly (a pity that "Deh vieni" was slightly but consistently sharp). *Nucci Condò* and *Ugo Trama,* who have been here before, are a ripely seasoned Bartolo and Marcellina. John Fryatt and Bernard *Dickerson, as is their* wont, grasp their opportunities as the music-master and the notary with impeccable tact, but gleeful relish.

Row over child benefit scheme expected to-day

BY RICHARD EVANS, LOBBY EDITOR

THE ROW inside the Labour movement over the Government's postponement of the child benefit scheme is likely to surface at to-day's meeting of the TUC/Labour Party liaison committee.

Left-wing members of the committee, including Mrs. Barbara Castle, the former Social Services Secretary, will be pressing for the Government to implement the scheme next year, as originally planned, to replace the existing system of family benefits.

At the same time, some trades union leaders will be levelling accusations of bad faith at Ministers because of sharp discrepancies disclosed in the Cabinet documents leaked last week. They deny they were violently opposed to the scheme because of the effect it would have on take-home pay, and that this "opposition" had led to the scheme's postponement, as the Cabinet minutes suggested.

Some Labour MPs have already warned Ministers that unless the Government reverses its policy and introduces the scheme, the new social contract with the unions could be jeopardised. The purpose of to-day's meeting is to approve the new contract based on the TUC acceptance of the 4½ per cent. pay policy for the coming year.

A confidential Transport House draft document prepared for the meeting states that despite the Government's postponement "we believe that the full introduction of this important reform should proceed as quickly as possible." It was therefore of the utmost importance that the new child benefit scheme should be introduced next year, the document adds.

Over 100 Labour back benchers and some Tories have signed a motion critical of the Government's retreat, but officially the Conservatives, although supporting child benefits, are not pressing for early implementation because of the possible effects on public spending.

Meanwhile, there was no discernible support from Labour colleagues yesterday for Mr. William Price, the Minister responsible for co-ordinating Government information services, following his startling allegations of Whitehall leaks.

Mr. Price, Parliamentary Secretary at the Privy Council Office, alleged that what had been happening was "the conscious and premeditated leakage of top-level decisions and discussions for the most doubtful reasons."

World airlines 'must spend £26.4bn. in ten years'

BY LORNE BARLING

WORLD airlines will need to spend £26.4bn. on new passenger aircraft in the next 10 years to keep up with demand for seats, according to a study by the Lockheed Aircraft Corporation.

The study, relating to the intensity of present negotiations between airframe and engine manufacturers in Europe and the U.S on future collaboration, is based on a 7.6 per cent. annual traffic growth up to 1985.

The capacity required is expected to cost £18.4bn. and £7.8bn.-worth of new aircraft to be needed to replace airliners such as Boeing 707s, McDonnell Douglas DC-8s and British VC10s.

Lockheed predicts that the equipment will be primarily to-day's wide-bodied aircraft and their derivatives.

Its calculations showed that in the 11 years to 1974 world airline traffic grew at 12.5 per cent. annually, adding 242bn. annual passenger-miles.

Another survey on aviation expenditure by Frost and Sullivan predicts growth in EEC business flying.

June unemployment report due this week

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UNEMPLOYMENT figures for June will be examined particularly closely to see whether a clear trend has emerged after the uncertain evidence of recent months. The figures are the only main economic indicator expected this week.

Seasonally adjusted U.K. adult unemployment rose last month by 16,300. to 1.25m., a larger increase than in previous months.

The three-monthly average has been rising at a much slower rate than in the winter and there also has been a slightly rising trend in unfilled vacancies, but the forecasters are still hesitant about whether to revise their original projections that unemployment would go on increasing for some months and would not start to fall until the end of the year.

The March and April figures suggested that this forecast might be too cautious, while the May total tended to support its conclusions—which explains the interest in the June announcement as a possible indicator of the underlying trend.

On the usual pattern of a business upturn, output rises first, followed by vacancies, with unemployment lagging behind.

Shortage of nuclear waste fuel plant seen

By David Fishlock, Science Editor

WEST EUROPE will have only half the reprocessing capacity it requires for spent nuclear fuel by 1980, a Foratom study of nuclear waste management has found.

It cites modifications and operating problems, sharply rising investment costs, and uncertainties about safety requirements, as the main reasons for the shortfall.

As a temporary solution, utilities and reprocessing agencies are installing "at some additional cost" special ponds for the prolonged storage of spent fuel. The study also suggests that the reprocessing agencies should include in their prices the cost of ultimately dismantling their reprocessing plants.

The working party, headed by Mr. F. Seynaeve, president of the Belgian Nuclear Forum, estimates that Europe will have only 1,000 tonnes of capacity for reprocessing oxide fuel—mostly in the U.K. and France—by 1980, equivalent to the annual needs of 34,000 MW reactors.

But by 1980 Europe is expected to have 120 reactors, totalling 70,000 MW, although some of this capacity will be burning the simpler uranium metal fuel. The total will rise to 180,000 MW by 1985.

An important aspect in planning overall nuclear waste management schemes is the dismantling of abandoned nuclear installations. The study estimates that by 1990 Europe will have about 30 such installations ready to be decommissioned and another 16 in the following decade.

It recommends the continued use of their sites, permitting delay in the complete removal of plants and taking advantage of radioactive decay.

Bulldozers at Windscale Page 23

National Savings still up

By James McDonald

NATIONAL SAVINGS continue to show a marked upturn. For the five weeks to May 29 net new savings, provisionally, were £30.4m. and in addition accrued interest for the period was £30.2m.

The comparable figures for May last year were £5.4m. and £26.6m. respectively.

Sales of the British Savings Bond, at £17.2m., were the highest achieved since July 1974 and, with withdrawals at only £10.1m., the net figure of £7.1m. is the best since August 1973.

Sir John Anstey, president of the National Savings Committee, reports that Premium Savings Bonds also performed "exceptionally well" during May. Gross receipts of £16.2m. and net sales of £10.2m. were higher than comparable figures since March 1973.

The Index-Linked Retirement Certificate has now been on sale for 12 months. With a May contribution of almost £12m., total sales are now well over £270m and the number of holders is nearing 600,000.

	May 1976 R'cpts	May 1976 Repayments	May 1975 R'cpts	May 1975 Repayments
	£m.	£m.	£m.	£m.
Savings Certs*	41.2	24.0	37.9	39.2
Save as you Earn:				
Dpt. Nat.S. ♥	6.3	0.7	1.7	1.6
T. S. Banks	0.9	0.4	1.7	0.3
Br. Sav. B'nds & Nat Dev B'ds	17.2	10.1♦	12.9	8.2♦
Premium B'ds	16.2	6.0	10.6	5.7
Nat. S. Banks:				
Ord. accs.	52.9	70.4	47.6	66.3
Inv. accs.	11.7	12.4	9.2	9.9
Total N.S.B.	64.6	71.8	56.8	65.2
Trustee B'nks:				
Ord. Dept ♠	255.3	233.6	194.5	246.0
Sp. Inv. Dpt	93.2	105.4	67.5	62.5
Current accs.	195.2	182.4	72.6	40.2
Total T.S.B.	576.7	571.3	334.6	387.6
Total	724.8	694.4♦	515.3	509.9♦
Net savings	30.4		5.4	
Est. Acc'd Int.	41.2	—	35.2	—
Int. on Certs.	—	11.1	—	12.2
Int./bonus paid on SAYE	—	0.2	—	0.5
Total	766.3	705.7♦	584.6	522.6♦

⊕ Estimated for 5 weeks. * Includes £11.9m. receipts and £0.3m. repayments of Index-linked issues. ♥ Includes £4.8m. receipts and repayments of Index-linked issues. ♦ Includes £3.6m. Bonds paid off on maturity. ♠ Including one department of the Birmingham Municipal Bank.

Company reports reform plan drafted

BY MICHAEL LAFFERTY

EXTENSIVE enlargements in the range and detail of statements given in companies annual reports are proposed by the Government in a draft consultative document being considered by interested bodies.

Last week the Confederation of British Industry, the TUC, the Stock Exchange, the Law Society and the Consultative Committee of Accountancy Bodies were asked to give their comments by the end of July.

Entitled Aims and Scope of Company Reports, this will be expanded and turned into a White Paper for publication later in the year. The document is extensively based on the accountancy profession's controversial discussion paper, The Corporate Report, published in 1975, which, although generally supported by British industry and the profession, met with strong opposition from the City.

Now that the Government is seen to be thinking along similar lines, it would seem that the City could be out of touch with the general view.

The aims and scope of company reports is one of three major areas of a wide-ranging reform of company law on which work is now in progress. The question of industrial democracy is being studied by a committee of inquiry under the chairmanship of Lord Bullock and the Government is also examining the arrangements for the U.K. securities market.

Traditionally, company accounts and reports have been intended primarily for the benefit of shareholders and creditors and as a result have concentrated primarily on financial information However, in recent years attitudes have changed. Now, as the Department of Trade paper states: "Few would dispute the view that companies have responsibilities to their employees and the community generally as well as to their shareholders and creditors and that these wider responsibilities may lead to a requirement to disclose further information."

The D.o.T. concludes that the purpose of company reports should be "to disclose information about companies which is of general public interest, leaving information of interest to particular sectors to be supplied through separate channels."

On this basis, the Department's "preliminary view is that the subjects identified in The Corporate Report which should be given the highest priority for further consideration as candidates for new statutory disclosure requirements are: (a) Value added, (b) Employment report, (c) Future prospects, (f) Corporate objectives.

All of these would become additional statements in company's annual reports. The D.o.T. like most other commentators, is less than enthusiastic about two other statements proposed in The Corporate Report, namely transactions in foreign currency and money exchanges with government.

The Department is most enthusiastic about the Value Added statement. "The great merit of an added value presentation as a supplement to the profit and loss account is that it shows in a clear way the amount of the wealth which has been created by an enterprise and how the wealth is shared between payments to employees, to providers of capital, to Government and to provide for the maintenance and expansion of the company's assets."

The data which The Corporate Report suggested should be disclosed in the employment report includes numbers employed, location, age distribution, hours worked, employee costs, pension schemes, education and training, recognised trade unions, employment ratios (sales per employee, net earnings per employee, etc.), employment of the disabled and complaints to the Race Relations Board and Equal Opportunities Commission.

The DoT welcomes the concept but says: "It is for consideration whether all these specific items of information are necessarily required for a general appreciation of a company's employment policies."

Voluminous

The information would be voluminous which gives rise to the question whether it should be included in public reports or in some other way. On the other hand the Department says that information about health and safety at work and statements about industrial relations policy and progress in introducing industrial democracy might be included.

The statement of future prospects is probably the DoT's most controversial proposal. This is recognised in the paper, which states: "It would thus be difficult to impose a legal requirement to make a statement of future prospects, except perhaps in very general terms."

A statement of corporate objectives would probably have to give a company's general philosophy and strategic targets in a range of policy areas, including both financial and social aspects.

The Department is also in favour of social accounting which it defines as "the reporting of the cost incurred in complying with anti-pollution, safety and health and other socially beneficial requirements and more generally, the impact of the entity on, and its endeavours to protect society, its amenities and the environment."

"This is an area in which there may well be a growing interest, but the DoT recognises that it is not one in which, at least at present, the law can play a significant part.

Other proposed disclosures discussed in the paper cover sources and applications of funds statements, segmental accounting, short-term debt, corporate pension funds, directors' interests and efficiency indicators.

Although the 1967 Companies Act requires companies to disclose, in their directors' reports, the turnover and profitability of each class of their business, the rule has not worked well in practice. It is felt that it leaves too much to the discretion of the directors, with the result that the information disclosed is often of limited value.

Because of this the Department thinks that the best course may be merely to require the information to be included in the accounts rather than the directors' report.

This would have the effect of making the basis of disaggregation subject to the auditor's report and would probably lead to an accounting standard on the matter.

The Department of Trade is concerned about situations in which there is a conflict between a director's personal interests and his responsibilities to his company. These, it says, "c[an] and do lead to major abuses especially in relation [to] directors' interests in contracts with their company. The D[oT] has commissioned a separa[te] paper on this subject.

Considering the need for additional information on indicators of efficiency, the Department paper states: "There is probab[ly] no single economic topic [of] greater public concern at [the] present time than the efficien[cy] of industry and its relative competitiveness compared with overseas companies."

A possibility known to be particularly favoured by the Ba[nk] of England is the disclosure [of] information relating to the [use] of assets, output or sales [per] head.

For the first time there is [an] attempt in the Department [of] Trade's paper to set out the div[id]ing line between company [law] and the accounting standa[rds] now being laid down by [the] accountancy bodies. So[me] lawyers have been critical of [the] accountancy profession's right [to] lay down regulations in an a[rea] which they see as being lim[ited] to the requirement of law.

The paper also indicates [that] the Government may be will[ing] to grant concessions on so[me] disclosure requirements [for] smaller companies. At pres[ent] all companies of whatever [size] have to disclose the same info[r]mation apart from a few mi[nor] exceptions under the 1967 [Act].

Multinationals' profits hit by fall in sterling

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

A WARNING that the fall in the value of sterling has made the U.K. profits of multinational companies look less healthy has been given to employees by International Harvester Company of Great Britain.

Reporting that net sales rose more than 25 per cent. in the first half of 1976 compared with the same period last year to over £52m. the company, which makes agricultural equipment and is U.S.-owned comments:

"Because of the fall in the value of the pound against the dollar (and against many other currencies too) all of these figures will look less favourable to our principal shareholders.

Wheel tractors

"It remains of vital importance to us all, as private individuals as well as company people, that inflation should be held in check, so that the money we earn in wages and salaries and the money we earn as exporters will buy us good value."

The sales value increase in the first half was to some extent due to rising costs and selling prices but there was also an increase in the number of units sold, "together with an improved share of several markets."

The U.K. did remarkably well when measured against past performance and this was mainly due to wheel tractor sales.

The company claims its share of British wheel tractor registrations has been 14.6 per cent., against 9.5 per cent. in 1975 and just short of the 15 per cent. target for this year.

So far this year "we sold British farmers twice as many tractors as in the first half of 1975."

Order books generally have seen an improving trend after running below normal levels for some time and the "rest of the picture is equally healthy."

International Harvesters' report to employees concludes: "Given certain conditions we look forward to another record sales year." These conditions include a country-wide maintenance of industrial peace and the holding down of the rate of growth of inflation.

"As for 1977, 1978 and beyond, the interest in our products suggests that we will have many even more cheerful reports to make in the future."

Forex predicts pound at $1.74 next year

BY MICHAEL BLANDEN

A FURTHER modest fall in the value of the pound, to about $1.74 by the middle of next year, is forecast in the latest report issued by Forex Research.

This, the report says, will reflect a number of weaknesses in the U.K. economy. But towards the end of the period the forecasters expect these problems to be "significantly worked out," bringing greater stability to the sterling rate.

Among the factors affecting the pound, they say, will be a continuing deficit on the current account balance of payments. The deficit is expected to show a reduction from last year's £1.7bn. to about £1.5bn. for the whole of 1976.

The forecasters have reduced this prediction from the previously estimated figure of £1.85bn., because of the fall in the pound, the strong growth in exports and the expected recovery in invisible exports — particularly from tourist earnings.

The pound will also be held down by a continued relatively high rate of inflation in the U.K.

Towards the end of the period, however, they see the beginnings of an improvement.

In contrast, Forex predicts some weakness in the French franc during the summer.

Final Price Code talks between CBI and Minister this week

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE Confederation of British Industry is expected to have a final meeting this week to discuss revisions to the Price Code with Mrs. Shirley Williams, Secretary of Prices, before publication of the consultative document early next week.

This follows a week of negotiations at official level. The Minister will be sent an agreed note of the meetings and will decide on the basis of these minutes, how to resolve the two main outstanding points.

Last week's meetings concerned working capital, and the related question of allowing companies to calculate stock profits on the basis of replacement costs and the problem of how to reward companies for increased efficiency.

Though the CBI is unlikely to be totally satisfied by the changes included in the consultative document, it is clear that companies will be allowed more freedom to raise prices.

The Department of Prices appears to be working towards a package of changes which will add about 1 per cent. to the retail prices index. The package will include an increase in the amount of investment expenditure which can be passed on in prices, a reduction in the proportion of labour costs which companies have to absorb and some crude provision for inflation accounting as well as some measure to allow companies to benefit from improvements in both efficiency and output.

The CBI suggested that the present investment relief scheme should be extended to cover working capital. At the same time, it urged the Government to allow all companies to deduct stock profits from their profits when calculating their margins for the purpose of the profit control.

The problem is that in the Department's view, the two suggestions would partly overlap by allowing companies more freedom to raise profits to offset the effect of inflation on their raw materials.

The argument is not over the basic question of whether companies should be able to make allowance for inflation when calculating profits, but over the method that should be used to do this and the degree of relief that should be given.

The inclusion of working capital in the investment relief scheme would mean that companies would be able to include predicted increases in working capital requirements on the lists of costs which justify a price increase under the code. It would also mean that they would be able to reflect the increase in working capital on profit margins.

But because most companies are nowhere near profit ceilings, the main attraction of this proposal is it would mean that companies could justify larger individual price increases when applying to the Commission.

The suggested change on stock appreciation, however, would probably be of more benefit to those companies for which the profit margin control is a restraint.

The retailers, who do not [have] to apply for individual increases but are controlled both by [net] and gross profit margins, [are] particularly keen on this scheme.

Last week the CBI tried [to] persuade the Department [that] the two proposals were reconcil[able] but it seems likely that they will not get all they want [from] both fronts.

The other main point has been over the question of retaining company prices for great[er] efficiency.

The CBI proposes that companies should be allowed to calculate labour costs on [the] basis of the increase in [the] costs, while retaining the ex[ist]ing method of calculating [raw] material rises on the increase in output costs.

Gold share jobbing firms may be reduced to one

BY MARGARET REID

A SITUATION which threatens to reduce the number of London Stock Exchange jobbing firms dealing in South African gold-mining shares to only one is being brought this week to the notice of Mr. Denis Healey.

Behind it lies the fact that London business in these shares has been heavily hit since the rule that investors must surrender 25 per cent. of the valuable dollar premium of some 50p in the £ on proceeds of selling overseas securities was extended in 1974 to these and other former Sterling Area shares.

Mr. Healey is being asked to drop the surrender rule, which yields the nation's reserves some £150m. a year of foreign currency, or at least to modify it.

The immediate problem has arisen following the withdrawal, reported in Friday's Financial Times, of one of the three jobbers in this market, Stocken and Lazarus, and the possibility that Wedd Durlacher Mordaunt may also pull out.

That would leave only Smith Brothers, which has long traded in these "kaffir" shares—which would remove the competitive element which is an essential part of the London jobbing system.

The Stock Exchange has lately been pressing the Government to drop or relax the "25 per cent. surrender" rule, but despite meetings with the Treasury and the Bank of England it has obtained no concession. It plans to submit to-day or to-morrow a memorandum to the Treasury.

The Financial Times, published daily except Sundays and holidays. U.S. subscriptions $167.00 (air freight) $334.00 (air mail) per annum. Second class postage paid at New York, N.Y.

OVERSEAS NEWS

Guerillas supervise U.S. evacuation from Beirut

BY IHSAN HIJAZI

BEIRUT, June 20

AN UNARMED vessel of the U.S Sixth Fleet stationed in the Eastern Mediterranean to-day evacuated 320 foreigners from here to Athens after they had been unable to leave by road to Damascus because of the deteriorating security situation.

The evacuation operation was supervised by Palestinian guerillas and the Left-wing "Lebanese Arab Army."

A landing craft able to carry 400 passengers left the mother ship, the "S.S. Spiegel," and docked at the "military beach" on the residential seafront area of Raourhe near the buildings of the British and U.S. embassies.

The evacuees, who included Americans, British, and nationals of eight other European countries and several Third World states, were transported to the vessel by bus from the nearby Riverla Hotel. Officials of the U.S. consulate and the British Embassy conducted the operation, while heavily armed units of the main guerilla organisation, El Fatah, watched over. The "military beach" has been under the control of the "Lebanese Arab Army" which broke away from the Lebanese Army a few months ago.

The Governments of the United States and Britain had ordered the evacuation following the assassination last week of the American Ambassador, Mr Francis Meloy, his Economic Counsellor, Mr. Robert Waring, and their Lebanese chauffeur. Suspects said to belong to a radical Left-wing group have been rounded up by the joint Palestinian-Left-wing Command.

Only 140 Americans left to-day out of a total of 1,400 who were still in Lebanon.

[*In Washington, President Ford stayed up all night to monitor reports on the situation and kept in touch by telephone with Defence Secretary Donald Rumsfeld and Secretary of State Henry Kissinger, Reuter reports*].

More gunmen were on the streets here to-day and new barricades have been erected. The Left-wing daily, As Safir quoted informed sources as saying that the Syrians may land troops at the Roache beach as soon as the evacuation of foreigners had been carried out.

Clashes erupted between Syrian-run Saiqa forces stationed in the southern suburbs of Beirut and Palestinian guerillas. Syrian forces in the mountains were reported to be advancing through the southern district of Chouf. Left-wing sources said the Syrians would launch a new attack to capture the southern port of Sidon. Left-wing and Palestinian forces, it was reported, have blown up the bridge linking the Chouf with the Sidon highway.

Syria, France agree on Lebanon summit

BY ROBERT MAUTHNER

PARIS, June 20

SYRIA and France reached agreement here at the week-end on "the organisation" of the round table peace conference to solve the Lebanese crisis, but neither the place nor the date for such a meeting has yet been fixed.

Syria's endorsement of the French proposal to call a peace conference of the warring factions in Lebanon was announced by President Hafez al Assad at the end of an official visit to France. It fell short, however, of a firm commitment to the French President's suggestion that the conference should be held in Paris.

President Assad also ruled out the participation of representatives of the Palestine Liberation Organisation in the round table conference. "The conference is designed to find a solution to the Lebanese problem, which is the sole concern of the Lebanese people,'" Mr. Assad said.

The Syrian and French view is that the conference should be chaired by the Lebanese President-elect, Mr. Elias Sarkis. *Before, however, the Syrian and* Egyptian Prime Ministers will meet in the Saudi Arabian capital, Riyadh, next Wednesday. They are also expected to arrange a summit meeting between President Assad and Egyptian President Anwar Sadat, with whom President Giscard d'Estaing had a telephone conversation during the Syrian President's visit.

Whether the round table conference takes place as the French and Syrians hope is also dependant on the agreement of all the Lebanese parties involved in the conflict, and this is still not a foregone conclusion.

Nor did the Syrian President set any date for the withdrawal of Syrian troops from Lebanon. They would be pulled out as soon as "the legal authorities" requested him to do so or the conditions for a political settlement of the crisis had been achieved, Mr Assad said.

The PLO spokesman in Paris, meanwhile, welcomed the French initiative to call a round table conference but opposed France's proposal to send a peace-keeping force to Lebanon to guarantee a cease-fire.

● Reuter reports from Damascus: Arab League Secretary-General Mahmoud Riad said to-day he hoped that an advance party of an Arab peace-keeping force would enter Lebanon this week. Mr. Riad told a Press conference that the 1,000-strong party would be stationed at Beirut Airport as a first step towards restoring communications.

Meanwhile in Tehran, President Sadat agreed to the despatch of French forces to Lebanon, if its President-elect Elias Sarkis requests it, he told reporters on Saturday.

King Hussein of Jordan has left Moscow for a trip to Siberia amid indications that he is completely serious about buying a Soviet missile-defence system, David Satter reports from Moscow. Western diplomats believe that Hussein's visit to the Soviet Union, despite the dangerous situation in Lebanon, is a convincing indication that he is not just going to Moscow as a means of putting pressure on the U.S.

At a dinner in his honour King Hussein said the purchase of Soviet missiles by Jordan would facilitate coordination with Syria making it possible for the two countries to establish a single, integrated air defence system.

OECD economists urge commitment to modest growth rate

BY RUPERT CORNWELL

PARIS, June 20.

A FIRST set of guidelines for the behaviour of multinational companies, and a strategy for steady non-inflationary growth, are expected to be adopted during the two-day ministerial meeting of the OECD which opens here tomorrow.

Finance and Foreign Ministers of the organisation's 24 member countries, making up almost the entire developed world, will be attending. The meeting is also likely to renew for a further year the trade pledge introduced in 1974.

The significance of the discussions is that they come not only a few days before the seven-nation Western economic summit in Puerto Rico, but at a moment when there is universal concern that the present vigorous recovery might spill over into a new inflationary boom leading inevitably to a new and deeper recession.

Senior OECD economists now argue that the only hope of avoiding this lies in Governments deliberately opting for a modest and controlled rate of expansion between now and 1980, only slightly above underlying potential growth of around four per cent. annually.

This, they suggest, would create the stable environment needed to persuade companies to start investing again, the pre-condition of any lasting upswing. So far capital spending has failed to respond to the upturn, partly, it is underlined, for political reasons.

The corollary, however, is that governments will have to wait until the end of the decade for a return to reasonably full employment. The political problems here are not lost on the OECD, but it still hopes that careful preparation will produce a firm commitment from the Ministers.

The alternative, they warn, is run-away expansion quickly leading to capacity shortages and bottlenecks, rocketing commodity prices, and inflation well above the present OECD average of some 8 per cent.

The multi-nationals' good conduct code has also been carefully negotiated for the past 16 months within the organisation. Although it is voluntary, it contains strongly-worded recommendations both on the burning issue of bribery and on the disclosure of corporate information.

Heavy poll expected in Italy's election

By Dominick J. Coyle

ROME, June 20.

AN ESTIMATED 37m. Italians, including a large number of returned migrant workers, voted on the week-end in a crucial general election which has boiled down to a direct confrontation between the long-ruling Christian Democrats (CD) and Europe's largest Communist Party. It is also an election whose significance extends beyond Italy.

Within four hours of polling booths opening this morning, just under one in five of all electors had voted, and when voting ends at lunchtime to-morrow, the poll is expected to exceed 90 per cent. First results—for the senate—should be coming in late to-morrow afternoon and a clear picture of the composition of both houses of Parliament is likely about midnight.

In the 1972 general election, the Christian Democrats emerged in both houses with more than 38 per cent. of the popular vote and had a margin of 11 per cent. over the Communists. This gap was reduced to an average of just over 3 per cent. when the Communist party secured 32 per cent. of the popular vote in regional elections 12 months ago.

Roman Catholic priests in many parts of Italy used the Sunday morning mass sermon to counsel voters against supporting the Communists (PCI).

Reagan closes gap on Ford

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, June 20.

PRESIDENT FORD and Mr. Ronald Reagan got more or less what they expected from Republican Conventions in five States over the week-end.

Mr. Reagan won more delegates to the National Convention (55) than Mr. Ford (39) and succeeded in further narrowing the gap between himself and the President in the critical delegate race that will decide the *party's presidential nomination*.

Individual tallies vary, but a rough consensus now gives Mr. Ford about 1,030 delegates, 60-70 ahead of Mr Reagan. A total of 1,130 is needed for the nomination. About 160 delegates remain to be chosen in a further seven State Conventions in the next four weeks, while another 160 or so have already been selected pledged to neither candidate.

From the President's point of view, his greatest satisfaction was that he managed to avoid *in Iowa the debacle* that befell him last week-end in Missouri, when Mr. Reagan outscored him in delegates by 18 to one.

Iowa's Republicans allotted 19 delegates to Mr. Ford and 17 to Mr. Reagan. Mr Ford had cancelled a planned trip to Des Moines on Friday because of the demands of the Lebanese crisis and had sent his wife instead. Some of his advisers probably felt that this enhanced his chances since it was possible to portray him as the President doing a difficult job in the White House. He has so far been largely unable to capitalise on the natural advantages any incumbent has.

In Washington State, the President *actually got one or two* more delegates than had seemed likely, even though his seven was easily outdistanced by Mr. Reagan's 31. In Delaware, the Ford camp seemed to have won at least 13 of the 17 at stake, with the other four technically *neutral but possibly leaning* in his favour.

In Texas, Mr Reagan won an extra four delegates, cementing the sweep of 26 who were allocated at the state's primary on May 1. He also got three from preliminary caucuses in Colorado, which will choose another 28 on July 10.

Looking ahead Mr. Reagan is the favourite to win a majority of the delegates at stake next week-end in Montana (20) and New Mexico (21) while Mr Ford *ought to take most of the* 18 going in Minnesota. The July 10 meetings in Colorado and North Dakota (18) and that on July 16 in Utah (20) should further aid the Reagan cause but Mr Ford has hopes of taking perhaps all the 35 available in Connecticut on July 17.

The race, therefore, remains ridiculously close. Both sides are predicting victories with Mr. Reagan's confidence reflecting the general superiority that his strategists possess at the sort of grass roots Republican levels that dominate state conventions.

Four arrested in Jamaica under state of emergency

BY CANUTE JAMES

KINGSTON, June 20.

THREE MEMBERS of the opposition Jamaica Labour Party (JLP) and one member of the ruling People's National Party (PNP) are the first detainees under a state of public emergency imposed in Jamaica at noon yesterday.

The state of emergency was imposed in the wake of sporadic outbursts of violence in one area of Kingston since January, and which has already claimed 105 lives, including those of 17 policemen.

In announcing the state of emergency, the Prime Minister, Mr. Michael Manley, said there were indications of a plan to escalate the level of violence in the island.

The decree gives the security forces powers to arrest and detain persons who are likely to endanger public safety. It is under this section that the four politicians were arrested last night. The JLP detainees are all members of the party's national executive while the PNP member is a prospective candidate in the forthcoming elections.

This latest development followed the defection on Friday of a leading member of the JLP, Mr. Herb Rose, claiming he had evidence that the party was intending to use violence as a means of gaining victory in the general election, due by the end of next June.

The JLP has denied the charges. Opposition leaders had been predicting a state of emergency for several months.

The decree came after an arms cache had been found in the Trench Town area of Kingston, one of the traditional trouble spots. The cache contained a sub-machine gun, five revolvers and hundreds of rounds of ammunition.

Commodity trade report

BY STEWART FLEMING

NEW YORK, June 20.

A COMMODITY Futures Trading Commission advisory committee report on the regulation of the U.S. commodity markets has concluded that the existing system, which puts speculative limits on transactions, is ineffective.

The CFTC is the federal regulatory authority established in 1975 to supervise commodity futures trading.

The advisory committee has concluded that market abuse may best be prevented by improving the terms of contracts and by an improved monitoring and surveillance process. The latter would rely on the exchanges for initial surveillance, with their greater informality and flexibility, but backed up by the CFTC.

Another factor in the approach being recommended by the committee is the collection of better data and a fuller analysis of this data.

A spokesman for the advisory committee said that one of the problems with the speculative limit approach to regulation is that by concentrating on restricting the commitments of speculators it left no control on the commercial hedgers in the markets.

Turks vote in first Cyprus poll

Mr. Rauf Denktash was expected to emerge as a clear winner in the presidential election held in the Turkish Cypriot community yesterday—the first since the unilateral creation of their "federated state" in northern Cyprus 15 months ago, our Nicosia correspondent writes. Mr. Denktash's chief rival, Mr. Midhat Berberoglou of the Republican Turkish Party, is a more moderate politician who has come out against any unilateral declaration of independence for the Turkish "state" which would lead to the island's final partition.

Fraser in Peking

Australian Prime Minister Malcolm Fraser arrived in China yesterday and immediately became embroiled in the bitter Sino-Soviet dispute, Reuter reports from Peking. Ambassadors of the Soviet Union and seven other Communist nations failed to turn up at Peking Airport to greet him and later boycotted a banquet for him in the Great Hall of the People.

Tanzania Budget

Tanzania made little progress in overcoming its economic problems last year and food, industry and cash crops production were all below the hoped for targets, according to the 1976/77 budget speech to Parliament by Finance Minister Amir Jamal, our Dar-es-Salaam correspondent writes. Mr. Jamal said the five year development plan which was postponed last year because of economic problems would start next month.

The Executive's and Office World

Arthur Sandles reports on a change in the pattern of expense account eating with a switch away from high-price restaurants which now have to rely on tourists

Companies trim restaurant bills

RESTAURANT keeping is one of those businesses in which no one is ever doing badly—at least, that is what they would like you to think. Ask why most of the tables are empty at that particular lunchtime and you will get the reply: "you should see it in the evenings." But there is little doubt that things are not what they were at the top of the restaurant business, and part of the reason is that the expense account eater has not such a deep pocket as was once the case.

Whatever your restaurateur might tell you, the figures overall are clear enough. For the past couple of years the rate of expansion in restaurant spending has been markedly below the rate of inflation. In other words, either there is less eating out, or margins are being hit hard. Neither of these possibilities is particularly good news for an industry which already features high on the bankruptcy ratings.

The overall picture of commercial eating generally is a cut back on eating out, and a big switch to the canteen and the Boardroom dining table. In the first quarter of this year "in-house" eating of this sort increased by 17 per cent, according to Department of Industry figures. Spending on eating out in restaurants and cafes rose by only 9 per cent.

A virtually unlimited dining out expense account was one of the perks of the 1960s executive and one which, although it still attracts considerable Left-wing attention, has diminished more than somewhat. The first knock came when the business lunch ceased to be a tax deductable expense some years ago, but much more serious has been an economic down-turn which has made companies look much more closely at the spending of their employees.

Restaurant owners are extremely reluctant to talk about the subject. "Well, of course, *we* have not been affected, but Fred down the road is in a terrible state." None the less, it is a rare restaurant which does not bear some of the bruises of changed circumstances among its clientele. When your restaurant starts to trim its menu a little; when it suddenly launches a "businessman's lunch" ("customer demand, old boy"); and finally, when it converts the side room into a wine bar . . . those are the signs that business traffic is not what it was.

Business executives, or at least the accountants who finally have to approve the expenditure, have suddenly become price resistant.

The result has been a considerable pressure on restaurants at the top end of the market, and particularly those which have not had the burgeoning tourist market to *fall back on. In recent months* the fall out in London has been spectacular, with Mme. Prunier having departed for health reasons and her manager admitting that "business generally over the past two years has not been what it was," the Ritz Grill going and new projects like the glossy Hogarth in Victoria closing its doors.

General concensus about expense account spending is that there are two clear price levels within which a restaurant can operate. There is the £10 to £15 for two, with wine, operation which is now the bulk of the market, and then to £20-£25 area which is now fairly rarified stuff confined to perhaps two dozen eating houses in London and at the most two or three in each of the major cities around the country.

Again companies are very unwilling to discuss their attitudes to employee spending but the attitude appears to be "if Blenkinsop always clinches his best deals in the Mirabelle" then Blenkinsop's expense account will be passed. This new realism has had one perhaps pleasing side effect. Apart from one or two notorious tourist traps the better restaurants of Britain really have to be on their toes if they are to keep their custom.

There are all manner of exceptions to the general rules, of course, but by and large one area which has not suffered has been the entertainment of foreign businessmen for export purposes. There are two rea*sons for this. One is that this* area of entertainment is still tax deductable, but perhaps more significantly the British businessman feels a need to treat his foreign client at least as well as his German, French or Italian contacts will play host and certainly as well as he himself has been treated when visiting abroad.

This means that you quite often get surprisingly successful, but patently high priced, establishments around the business hotel areas. Mayfair is an outstanding example as far as London is concerned. Lunch is not a particularly high spending time of the day for tourists, and yet the higher priced restaurants are busy.

Restaurants have held up in the changing circumstances rather better than many of them had expected. This is because most clouds have a silver lining of some sort. For restaurants this has been a considerable easing of the staff situation compared with two or three years ago, and the fact that the clientele have proved more flexible in their eating habits that was once expected. Restaurants find it much easier these days to keep staff, thanks, of course, to the fact that there are fewer jobs around.

Flexibility in customer eating habits means that restaurateurs have found themselves able to woo clients to dishes that use the cheaper cuts of meat, or perhaps make the best use of materials from the day before.

Trevor Humphries

Wine bars have gained from companies becoming more conscious of the cost of business eating.

The fact that the bottom has *fallen out of the wine market* internationally has also helped the restaurant trade to keep its prices under some control.

However, this abundance of relatively cheap wine has helped to encourage what is proving to be the lower-to-mid-market restaurants' worst enemy, the wine bar. As far as business entertainment is concerned this is serious competition indeed. Whereas in many business relationships an invitation to the local pub might have been seen as slightly insulting, an invitation that suggests "discussing it over a bottle and a salad" at the local wine bar has more of a cachet to it. The wine bars have filled the £4-£8 gap in business entertainment that has been filled by hamburger houses in leisure eating.

The growth of the wine bar trade in business areas has been considerable over the past 18 months. The figures seem to indicate that the traffic is being wooed almost entirely from restaurants, since the pub business at the moment is one of the healthier sections of the market.

But who cares about businessmen's entertainment habits, other than the businessmen themselves? Well, quite a lot of people. National Economic Development Council figures indicate than 10 per cent. of all spending by AB's (in the social sense) in restaurants is reimbursed, and that a further 2 per cent. is partially repaid. Among C2s the figures are considerably higher, with 12 per cent. of spending repaid, and 6 per cent. partially repaid.

Since these figures apply to all restaurant and licensed hotel meals in the country it must mean that in a great number of city restaurants expense account eating forms much the greater part, if not all, of the business.

It is not difficult therefore to understand the alarm in the restaurant trade at even the hint that business lunches should be taxable as far as far as the people who enjoy them are concerned. If the NEDC figures are remotely accurate it would mean the decimation of much up-market restaurant activity in Britain, particularly in those areas which did not have an active tourist business. No one really believes that the British would continue to lunch out on such a scale if the expenditure was subject to tax.

What would happen on the other hand, is the continued rapid expansion of in-house catering. "The taxman would find it impossible to differentiate between the Boardroom lunch table, the executive club-room and the staff canteen, and I can't see a tax going on subsidised fish and chips," said one industrial caterer cheerfully.

It is these industrial catering groups, specialist agencies who claim to be able to do superior in house catering cheaper than companies can do it themselves, who would seem to be the main beneficiaries from the current changes in executive eating.

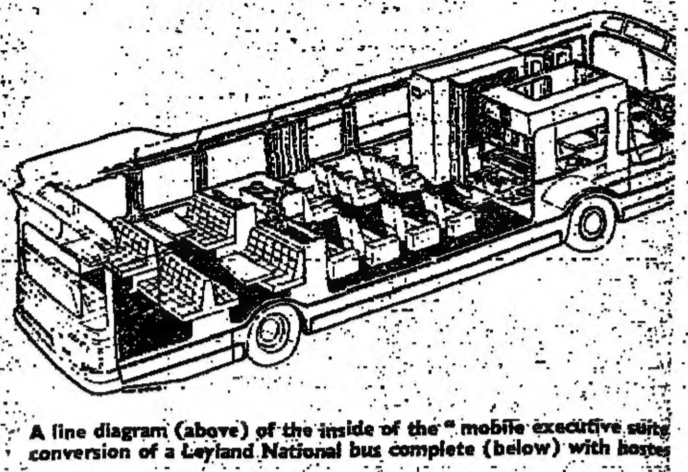
As far as the restaurateurs themselves are concerned they can only hope for better economic times, sympathetic bank managers, long hot summers and weak pounds to attract the tourists, and customers who do not notice that meat loaf (under a somewhat classier name) has replaced fillet steak as the dish of the day.

NATIONAL BUS — BY DAVID WALKE

Business hospitality on wheels for £160 a day

INVITATIONS to buy a £160 bus ticket are now being received by the chairmen of Britain's 200 largest companies under one of the latest ventures of the State-owned National Bus Company.

The bus ride on offer is not just any ordinary journey. Rather it is a day's use, including up to 150 miles of travel, of what National Bus describes as a "mobile executive suite." This is a special version of the regular Leyland National bus built by a joint British Leyland-National Bus venture and it is operated by National Bus subsidiary, National Travel.



A line diagram (above) of the inside of the "mobile executive suite" conversion of a Leyland National bus complete (below) with hoste

Meeting room

There have been executive coaches before, but possibly none so sophisticated as this vehicle which cost £40,000 to build compared with between £20,000 and £25,000 for the regular Leyland National buses, themselves built on a highly sophisticated system.

The additional money has been spent on producing a vehicle with 26 seats, 14 of them facing each other across small tables to provide what NBC calls a "meeting room." The remainder comprises three rows of individual armchairs, each with radio and television sound headsets and controls. At the front is a fully equipped secretarial area, and there is also a lavatory, including a vantory unit, and cloakroom and wardrobe.

Stewardess

The £160 charge is for a single week-day hiring — subsequent days and week-ends are cheaper—and a 50p a mile surcharge is payable for a journey of over 150 miles. Included with this are the services of a stewardess/secretary.

What will emerge as the size and type of market for the "Supernational," as the bus is called, is still a matter for exploration. NBC admits it went into the venture with a certain amount of foreboding but now seems to have few doubts that it will pay off handsomely—helping maybe in a small way to off-set the £19m. loss NBC made last year. One mark of the initial success is that the vehicle was originally intended to stay on the road for only a few months for evaluation purposes before going back to Leyland National for any necessary modifications. That return visit has now been postponed indefinitely.

Names of users so far includes the Central Electricity Generating Board, Firestone, H. J. Heinz, Twinings, GEC, Dunlop, Birds Eye, Fisons, and STC, while the BBC is using the Supernational as the link in a series of variety shows this summer.

In most cases, the hirer used the vehicle as a mo hospitality suite—taking party to a day at the races, providing the guests with drink and shelter while are there, for example—ra than business transporation has, however, been used, example, to take a group potential factory builders one possible site to anothe

Second bus

Whether a second bus be built is an open question has one forerunner, in shape of an experimental b ness commuter coach develo by British Leyland two ye ago which is still in consi able demand. Many of the sign concepts incorporated the National Bus vehicle saw the light of day on that

PUBLIC NOTICES

H.M. LAND REGISTRY
LOST CERTIFICATES

It is proposed to issue new Certificates to replace those described below that are stated to have been lost or destroyed. Anyone possessing the missing certificates or objecting to the issue of new ones should at once notify H M Land Registry Lincoln's Inn Fields, London WC2A 3PH

1. Land Certificate. Leasehold Title No. SGL 114187 111 Westminster Bridge Road, London, S.E.1. Proprietor—Richard Costain Ltd.
2. Land Certificate. Freehold Title No. CH 79110 Land and buildings S.W. of Holmshaw Lane, Haslington, Cheshire. Proprietor—Murray Vernon (Sales) Ltd.

هكذا من الأصل

LABOUR NEWS

Coal and power unions warn of energy gap

BY CHRISTIAN TYLER, LABOUR STAFF

AL AND electricity supply ons have called for a alanced programme" of ver station building as part a long-term energy strategy ing priority to coal and clear power.

n a paper for discussion at norrow's national energy ference, where Mr. Anthony dgwood Benn, Energy Secre- will be chairman, they n of an energy "gap" in 1990s which, because of the letion of North Sea gas and electricity will have to meet. he unions are the National ion of Mineworkers, the Elec- al Power Engineers Associa- and the National Association Colliery Overmen, Deputies l Shotfirers.

hey challenge the pessimism electricity demand forecasts ch, they say, are not com- ible with "even a modest e of consistent economic wth." Failure to invest in y plant for the next few rs would have immensely ious consequences in terms Britain's nuclear independ- e, the future of mining, and nt suppliers' orders.

Much of the forecasters' pessi- m is due to the price advan- tage gas enjoys over electricity, according to the unions' paper: "Energy Policy—a trade union strategy." It warns against all-out expansion by the gas industry in attracting consumers with low prices.

The Government should consider whether the British Gas Corporation should not show a higher rate of return than the electricity industry. "Gas, as a premium fuel, should, in fact, be at a premium price," the unions say.

Electricity must, by 1990, be firmly based on the coal and nuclear industries, with nuclear power's share gradually increasing as coal conversion replaces dwindling supplies of hydro-carbon fuels.

Despite the North Sea bonanza, coal would remain by far the main fossil fuel source for electricity, they argue.

The Minister should intervene to get agreement with the Central Electricity Generating Board for an early start on the coal-fired Drax "B" power station, to be linked with the Selby coal-field in Yorkshire.

Rhys David writes: Creatiou of a much more competitive energy market through giving consumers a greater degree of choice of fuel is urged in a submission to the conference by Mr. Colin Robinson and Mr. Paul Remington, two University of Surrey economists.

They say there is a need to challenge the conventional view that energy problems are such that greater central control of the market is clearly desirable.

The opposite thesis calling for much more central planning to avoid distortions arising from free market forces, was put forward in a paper earlier this week by Mrs. Frances Morrell and Mr. Francis Cripps, advisers to Mr. Wedgwood Benn.

The Society of Motor Manufacturers and Traders has re-issued a paper first published two years ago on energy policy and the motor industry. Mr. David Plastow, the society's president, pointed out yesterday that dramatic changes in the power plant for motor vehicles were unlikely in the next 25 years.

Tory pleas for cuts 'a ritual cry'

By Our Labour Staff

THE Government must stand firm against ritual cries from Conservatives for further cuts in public expenditure, Mr. David Basnett, general secretary of the General and Municipal Workers' Union, said yesterday.

"Far from aiding economic recovery, a savage cut in public expenditure would be severely inflationary and delay recovery considerably," he told a meeting in Surrey of union officers.

In delaying economic recovery, cuts could even aggravate the problem of the public sector borrowing requirement since a "very substantial part" of the borrowing requirement was itself induced by the recession.

"In the absence of any real economic policy, the Tories are reduced to ritual cries for reducing the public sector. They must know when they advocate this course it will cause unemployment and higher price inflation," Mr. Basnett said.

Miners protest at decision

SUTTON COLLIERY, a Nottinghamshire National Union of Mineworkers branch voted yesterday to protest against their national leaders' alleged breaking of the pay code.

They unanimously condemned the union National Executive for deciding to pay the rates on the homes of Mr. Joe Gormley, president and Mr. Laurance Daly, secretary.

Earlier Mr. Michael Brotherton, Conservative MP for Louth, said he intended to ask Mr Denis Healey, Chancellor of the Exchequer to investigate whether the payments breached the policy.

White-collar drive for recognition

BY DAVID CHURCHILL, LABOUR STAFF

WHITE-COLLAR trade unions taking full advantage of new ployment legislation to boost ir memberships, following ir slowdown in growth in ent years.

Over 60 per cent. of the 168 plications for an inquiry into on recognition under Section of the Employment Protection which came into force at beginning of February, have ne from white-collar unions.

Under the Act, independent de unions can ask the Advis- Conciliation and Arbitration vice to mount an investigation o their claims for recognition. AS then undertakes to settle dispute through conciliation. if this fails it investigates l issues a report and ommendation.

n February, the first month this part of the Act becoming , ACAS received 41 applica- ns for an inquiry. In March s rose to 55, but dropped to in both April and May.

ACAS has 33 inquiries under y, but expects to reach no ision until later this summer. investigations so far have included attitude surveys but no formal ballots of staff to determine whether they want union recognition, and if so which union should represent them.

The largest number of individual applications for recognition has come from the Association of Scientific, Technical and Managerial Staffs, mainly in the chemicals and finance sectors. Up to a third of the Section 11 applications are believed to have been from ASTMS.

They include a number of insurance companies where ASTMS' hopes of rapid recruitment in the past two years have been thwarted. At the General Accident insurance company both ASTMS and the Association of Professional, Executive, Clerical and Computer Staff are vying for recognition and have separately lodged Section 11 claims.

ASTMS seeks to challenge ICI's recognition of the non-TUC Association of Professional Scientists and Technologists to represent some 9,000 senior managerial and professional staff.

APPOINTMENTS

A. Sanderson & Sons finance director

Mr. J. V. Mallinson has been pointed financial director of THUR SANDERSON & SONS m July 1. Mr. Mallinson was viously group chief account- of the parent company, Wall per Manufacturers, which is decorating products division Reed International.

★

Mr. Brian Wilson has been pointed director of personnel the BABCOCK & WILCOX ver and process engineering up. Dr. Wilson was previously sonnel manager of the gases ision, British Oxygen mpany.

★

Mr. I. D. Gardiner, engineering ector of BRITISH RAIL GINEERING, has been pointed managing director. He l succeed Mr. S. Ridgway, who etiring at the end of June. Mr. J. C. Barker-Wyatt, chief pro- ction manager, becomes gineering director.

★

Mr. Dennis Sense, managing ector of Trident International evision Enterprises, will be ving TRIDENT TELEVISION the expiry of his present con- t on July 31 to form his own sultancy. He will be succeeded managing director by Mr. er Holmans, who is at present member of the Trident Inter- ional Board with special ponsibility for co-production. Philip Jones, who joined the npany three years ago, is to appointed to the Board of dent International and will ome sales director.

★

Mr. Alan Evans, Mr. Winston yley and Dr. Robert B. Redding e been appointed to the Board GREENGATE INDUSTRIAL LYMERS, a subsidiary of ied Polymer Group.

★

Mr. J. F. Hawkins has been pointed managing director and G. Russell (managing director Alcan (U.K.)) non-executive irman of LUXFER HOLDINGS. is follows the retirement of B. L. Page and the acquisition Alcan Aluminium (U.K.) of a trolling interest in the com- ny. Other members of the xfer Holdings Board will be D. D. Borden (president, xfer USA), Mr. P. A. N. Carne (managing director, Luxfer), Mr. C. P. Smith (chief financial officer and secretary) and Mr. P. B. Holland.

★

Mr. Alex Jarratt and Dr. Colin Nuttall have been appointed to the Council of Management of the HENLEY CENTRE FOR FORECASTING. Mr. Jarratt is chairman and chief executive of Reed International, and also chairman of the court of governors of the Administrative Staff College, Henley. Dr. Nuttall is director of industrial forecasting at the Henley Centre.

★

SHEEPBRIDGE ENGINEERING GROUP. Mr. J. R. C. Freeman has been appointed a director and general manager of Automotive Engineering and Light Production from July 1. Mr. Freeman joined the Group as general manager of Ritemixer when that company was acquired in 1972. He retained that position and was additionally appointed sales director of Sheepbridge Equipment, Ritemixer's parent company, in 1974.

★

Mr. W. W. Burrows, director of group exports of ROBERT JENKINS (HOLDINGS), has been appointed to the Boards of Robert Jenkins and Co., Hygrotherm Engineering and Robert Jenkins Oil and Gas.

★

Mr. John Blandford has been appointed a director of MACK & WM. MORGAN, part of the Mack Organisation. Mr. Blandford joined the company in December last.

★

Mr. Hugh E. Butcher, managing director of BOWES AND BOWES (CAMBRIDGE), has been appointed deputy chairman of the company, a subsidiary of W. H. Smith and Son (Holdings).

★

Mr. David Bentley has been appointed Professor of Law and founding Dean of the new School of Law at the UNIVERSITY OF EAST ANGLIA from January 1, 1977. Mr. Bentley is at present Tutor in Jurisprudence at Christ Church College, University of Oxford.

★

Following the successful offers by Manbré and Garton for the share capital of Hugh Baird and Sons, the following Board changes have taken place: Mr. H. F. Graesser, Mr. J. C. Grant and Mr. W. D. Hatch (all of Canada Malting Co.), and non-executive directors Mr. J. A. Lumsden and Mr. H. S. Spens have resigned. The following appointments to the Board of HUGH BAIRD AND SONS have been made: Mr. A. I. Annand (chief executive of Manbré), Mr. A. C. R. Howman and Mr. W. P. Martineau (both of Manbré), together with Mr. D. D. J. Highmore, Mr. J. M. Hutcheson and Mr. R. M. Reed. Mr. N. B. Baird, who has joined the Board of Manbré and Garton continues as chairman and managing director, and Mr. S. W. Cameron, Mr. H. V. Reid and Mr. R. J. Thomas retain their directorships of Bairds.

THE WEEK IN THE COURTS

Votes for mental patients

BY JUSTINIAN

THE RIGHT to vote in free elections is one of the prized possessions of a citizen in a democratic society. Whatever the defects in our electoral system, to which much thought and public debate is currently being devoted, that much was acknowledged by Judge Lloyd-Jones at Warrington County Court last week when he upheld the right of three residents of a mental hospital to have their names entered on the list of electors for the area in which the hospital was sited.'

Until recent times the law disqualified certain classes of people from the franchise. Along with peers of the realm, those who were mentally incapable of voting were also disqualified. In 1949 Parliament, in codifying the electoral law, provided that "a person who is a patient in any establishment maintained wholly or mainly for the reception and treatment of persons suffering from mental illness" could not qualify residentially in the area of the mental hospital so as to get himself on to the list of electors for either parliamentary or local government elections.

That provision was wholly anomolous and socially unjust. It meant that a person who became mentally ill and went into a general hospital with a psychiatric ward was not disqualified so long as the hospital was predominantly for medical cases. It also meant that any mental patient who had a residence outside the hospital—the 1949 Act envisaged that citizens might have dual residences for the purposes of an election, although they could only exercise one vote in one constituency—also could vote in the constituency of his usual home residence. These anomalies were bad enough at the time that the Representation of the People Act 1949 was passed.

Accommodation

The Department of Health and Social Security acknowledged in a recent White Paper that at any one time something between 10 and 20 per cent of the population received into our mental hospitals as compulsory or voluntary patients, had been cured of their mental illnesses and are ready to take their places back in society but are unable to do so simply because the appropriate accommodation is not available to them. Too few half-way houses have been established to relieve the pressure of space in the hospitals. Instead space has had to be found within the hospitals where the patients lived, many of them going out to work and running their own daily lives subject to little or no supervision from the medical staff.

Are these people "patients" so as to disqualify them from getting on to the local electoral lists? Electoral Registration Officers up and down the country have been taking the official stance that if the people are on the register of the hospitals as patients—and remained so until formally discharged from the hospital—that precluded them from being qualified voters. The Speaker's Conference on electoral reform had declared some years ago that this provision ought to be amended, but officials at the Home Office and the DHSS had failed to work out any mutually agreeable formula for distinguishing those patients who ought to be given the vote and those who would remain under the disqualification.

Without waiting for parliamentary action, the National Association for Mental Health, through its organisation MIND, proceeded to challenge the decisions of the Electoral Registration Officers, and took as a test case three patients at Winwick Hospital, near Warrington. All three had recovered their mental health and were waiting in the hospital's rehabilitation unit before being discharged as and when suitable accommodation could be found for them.

Discharged

The Electoral Registration Officer argued that the three were to be regarded as patients because they were living in the hospital and had not been discharged back into the community. The fact that all three were receiving some medication in the form of tranquilisers for mild depressive conditions or barbiturates for insomnia strengthened the case for saying that they were still patients within the meaning of the 1949 Act. But the County Court Judge, in a lucid and distinguished judgment that is likely to be widely quoted in the future, said that he was satisfied that although the three people were receiving medication, in the form of tablets prescribed by the medical staff and supplied from the hospital pharmacy, the medication was given to prevent the recurrence of any mental disorder and not for an existing mental illness. He decided that in order to qualify as a patient the person must, on the qualifying date for registration, be suffering or appearing to be suffering from a psychiatrically recognisable illness. Even though the person remained in the hospital, once he was cured he ceased to be disqualified. If the decision stands, some 20-30,000 people resident in mental hospitals will have the vote.

The decision is bound to stimulate reform of the law. While the case touches only a tiny segment of the electoral system, it is enough to provoke discussion on wider issues of electoral reform. There is even talk among the profession of psychiatrists that there is no need for the law to treat any mental patient as unfit to vote. While it is true that some patients are so psychotic that they would not understand the nature of their right to vote, such persons would be self-selective in not voting.

' *Wild and others v. Electoral Registration Officer for Warrington.*

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Test service for superconductors

WORK ON superconducting materials and devices made from them, which have vanishingly small resistance to electric currents at temperatures close to absolute zero, will be helped by the decision to make the Rutherford Laboratory a centre for test procedures, open to industry and research workers.

The Science Research Council decided to make this move because of the closure of high magnetic field facilities—based on conventional magnets—at Royal Radar Establishment Malvern.

Two superconducting magnets are available at Rutherford. One uses a niobium-titanium alloy solenoid of 85 mm. bore producing fields up to 9 Tesla. The second is built up from niobium-tin filamentary material and can provide 10.5 Tesla fields in a 50 mm. bore. During the summer, a third and fourth superconducting magnet will be available for services, producing 12 and 15 Tesla respectively.

Initially it is expected that users will be concerned principally with the determination of the critical superconducting current level of a specimen, that is the level below which the superconducting condition is sustained, and its variation with applied magnetic field.

Other facilities for experiments outside this area will nevertheless be made available.

Filamentary niobium-tin is a superconducting compound developed as a result of efforts by Rutherford, the AERE and other laboratories. It will remain superconducting at much higher fields than conventional niobium-tin and is produced by a metallurgical technique that overcomes the problems normally caused by the brittleness of the alloy.

It will be possible to test samples of materials under stress and to pulse the applied magnetic fields.

Interest in superconducting motors and power lines has not developed in the U.K. as fast as it should bearing in mind the vast potential improvements in power/weight ratio or power carrying capacities the phenomenon offers.

Rutherford is at Chilton, Didcot, Oxon. Abingdon 21900.

Tough skin protects electronics

PARYLENE IS the generic name for a series of thermoplastic polymers developed by the Union Carbide Corp. in the U.S. and claimed to be unique.

Major application so far is to provide environmental protection with a high dielectric performance for electronic components. Its properties, coupled with its specialised method of application, will give barrier qualities superior to those of conventional epoxies, silicones, and urethanes, in conformally insulating hybrid circuits and printed circuit boards.

It enables tough pinhole-free coatings as thin as 0.10 micron to be applied routinely in a quick, one-step deposition process, giving precise control of coating thickness and uniformity.

Unlike other polymeric materials, Parylene is not produced and sold as a polymer. It is not practicable to melt, extrude, mould, or calender it as with thermoplastics, nor is it possible to apply it in a solvent system since it is insoluble in conventional conditions. In fact, no liquid phase of the material has been observed.

Parylene starts as a dimer (di-para-xylylene) and is supplied in this form by the company. The dimer is vaporised in a chamber at about 175 deg. C. and a pressure of 1 torr. The vapour passes to a second chamber where it changes at about 680 deg. C. and 0.5 torr into the monomer (para-xylylene) which then enters the deposition chamber. When the monomer vapour touches room-temperature components in the chamber it condenses on them as the polymer.

The condensing coating does not run off or sag and penetrates every part of the component—edges, points, internal areas and holes (down to 0.001 inch dia.) can be evenly coated with a deposit ranging from 0.00025 to 0.0015 inch, in a single operation. Deposition chambers of almost any size can be constructed. Those currently in use range from 500 to 28,000 cubic inch capacity.

Parts up to 5 feet long by 18 inches high have been coated. At the other end of the scale a bee (even to the hairs on its legs) has been coated for a natural history museum.

In the U.K. the dimer and licences for the equipment are marketed by the company's subsidiary, Bakelite Xylonite, 8 Grafton Street, London W1A 2LR (01-629 8100). Ferranti has taken the first U.K. sub-licence. BXL is also operating a custom coating facility at its Tyseley, Birmingham, factory.

Plastics to last longer than paper

DEVELOPED BY Du Pont in the U.S., fibre-based polyethylene sheet is marketed in the U.K. by Wiggins Teape Paper, PO Box 88, Basing View, Basingstoke, Hants, RG21 2EE (0256 20262).

Called Tyvek 10, it is a paper-like product but with characteristics which make it more suitable than paper for certain applications. It is tear and burst resistant with high fold endurance and dimensional stability, wet or dry. It also resists acids, alkalis, water and rot. It can be printed by litho, letterpress, gravure and most conventional printing processes, using inks specially developed by a number of ink manufacturers.

Typical applications include tags and labels, signs and banners, maps and charts, and any product subject to heavy handling.

It is available in seven different weights, from 53 to 110 g/sq. metre, ranging in price from 15p to 36p/sq. metre.

Although available in the U.K. for three years the material has only recently created much interest in the industry. Wiggins Teape, exclusive agent for the U.K., reports that imports of Tyvek (in reels) are now running at about 10 to 15 tons/month.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

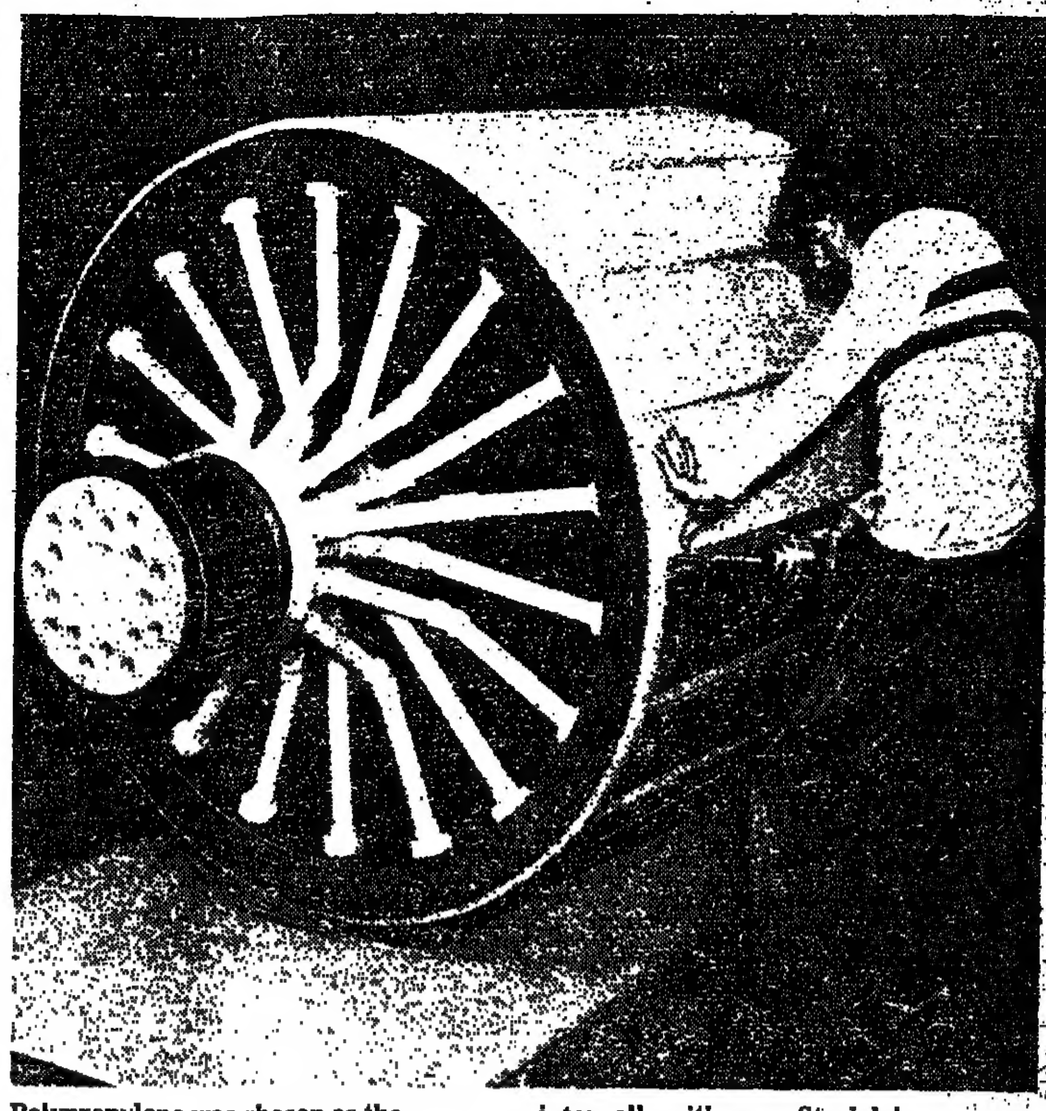
● COMPONENTS

Remote control

FOR SPRAYING and other fluid handling applications operating at pressures up to 85 psi a remotely operated on/off control valve has been introduced by the spraying systems division of CT (London), 3 Hobart Place, London, S.W.1.

Directovalve, Model 144, is solenoid operated, powered by 12V dc, and is direct-acting. The design of the internal flow chambers enables the unit to handle wettable powders. The valve body is polypropylene, internal metal parts are stainless steel, and other metal surfaces are epoxy coated or electroless nickel plated. Diaphragms and seat washer are in chemically resistant rubber.

The valve can handle flows up to 10 gpm with only a 5 psi pressure drop. For higher flows, or where selective control of more than one bank of sprays is required, the valve can be supplied in double or triple assemblies.



Polypropylene was chosen as the material for the drum filter shown here because of its excellent resistance to corrosive chemicals. The drum itself was specially fabricated by Plastics Construction (Northern) at a works in Bolton and it was decided to use the polypropylene as the external face of the laminate, the drum being reinforced internally with grp. Stockdale Engineering, which built the complete unit, selected Celmar, the tough polypropylene/glass fibre laminate from British Celanese, as the material for this vacuum filter for low weight and robustness. More details from Plastics Constructions on 021-773 1331.

Clamps to simplify assembly

ANY MEANS to simplify complex assembly jobs and reduce the amount of manual intervention needed to put together intricate engineering equipment should be welcome in industry.

In this category of aids to speed up manufacture comes the Hymatic range, originally developed for the aircraft industry, but now extended to cover many types of industrial equipment.

It covers a series of coupling types—V-clamps, band clamps etc.—which require a single nut and bolt to secure tubing or piping to components of such things as compressors, rather than using flanges with many through bolts, or a series of swing bolts.

The range of V-clamps runs from 1 to 30 inches (25mm to 750mm) and they will handle conditions from vacuum to 8,000 psi (530 bar). Other applications can be considered and for this the company will provide an advisory service.

Clamps of this type are employed extensively in advanced military and civil aircraft. They have now been ordered in large quantities in Britain and Germany for the assembly of turbo-chargers subjected to a large amount of vibration.

Further details from Hymatic at Glover Street, Redditch, Worcestershire B98 7BQ. Redditch 63621.

● COMPUTERS

CDC moves towards networks

A HIGH-SPEED central computer that distributes the processing of system information through a network of 10 to 20 smaller computers has been announced by Control Data Corporation.

This new distributed processing system—the Control Data CYBER 70, Model 71—is intended to handle both batch processing and time-sharing applications, and can support a network of up to 500 simultaneous remote terminal users depending upon system resources required.

Primary target is the replacement of larger General Electric and Xerox time-sharing syste[ms] especially in university and [en]gineering/scientific applicatio[ns] but big DEC, Univac and Hon[ey]well installations are also [in] line.

A basic CDC CYBER 71 co[m]puter with 65,000 words of m[ain] memory and 10 smaller pro[ces]sors can be purchased [for] £180,000 or leased for £4,000 [a] month on a 3-year contra[ct]. First system deliveries will [be] made in July.

Either one or two central p[ro]cessors can be included in [a] CYBER 71 system, and each p[ro]cessor features 24 operat[ing] registers divided equally am[ong] operand, address and in[dex] functions. Memory protect[ion] and error checking are s[up]ported by additional registers.

Instructions are handled o[n a] register-to-register basis that [re]sults in issue rates of 1.2m. [per] second with a single proce[ssor] and 2m. per second in a t[wo] processor configuration.

CDC operates from 22a [St.] James's Square, London, S[W1] (01-930 7344).

● PROCESSING

Zinc coatin[g] at lower temperatur[e]

IMMERSION ZINC phosphat[ing] is usually carried out at [...] degrees Centigrade. Bonde[rite] 159 process can operate at [...] degrees Centigrade, and for so[me] applications down to 25 deg[rees] Centigrade, without loss of [per]formance. The lower [...] temperature saves energy co[sts].

Zinc phosphating is applied [to] iron and steel to inhibit [cor]rosion and increase the adhe[sion] and durability of subsequ[ent] paint finishes.

Bonderite 159 is supplied [as a] liquid to be added to water [at] a rate of 53 litres/1,000 litres. The maker says the lower te[m]perature operation is achie[ved] by Additive 6, which is added [to] the working solution at a r[ate] of 4.2 kg/1,000 litres. The [...] phosphate coating is applied [in] about 5-10 minutes, when [the] solution has reached work[ing] temperature. Subject to cert[ain] specified conditions, the syst[em] meets the requirements [of] Defence Specification DEF [...] Class III.

Pyrene Chemical Servic[es], Ridgeway, Iver, Bucks, SLO [...] (0753 651812)—a Brent Che[mi]cals International Group co[m]pany.

● RESEARCH

ICL project could lead the world

SINCE ICL's plan for a large array processor to speed computation many times by splitting up problems between many small processors was first disclosed on this page in 1973, a lot of developments have taken place elsewhere.

Yet the idea behind the U.K. project itself has not changed that much and successes achieved with experimental arrays to date are such that the U.K. work should have a future, provided a user for a really big multi-processor can be found.

Pilot equipment is an array of 32 x 32 processing elements (PE), each with 1k bits of store arranged in 16 PE's and 16K of store to a card.

A complex mathematical matrix job done at the start of this month took less than 35 milliseconds, which gives an equivalent in MIPS (Million Instructions Per Second) of 20. By contrast a CDC 7600 working on this sort of problem would be rated in the 10 MIPS class.

The project is in the hands of ICL's Research and Development Organisation at Stevenage. It is supported by the DOI's Advanced Computer Technology Projects programme on the usual basis in which the company and the DOI each pay half of the development costs on a fixed price, fixed term basis.

The decision now to be made concerns the level of future funding and whether or not ICL should go on to build an experimental version with a 64 x 64 array, which would give 4096 PE's, each with 4K bits of store.

Though the project is said to have almost everybody's blessing, the DAP is controversial within the computing community, not least because it means that many people would have to change some very basic ideas. There would be a need for major software conversion were it brought into use.

Outside the obvious areas of weather forecasting, and big dynamic models requiring the processing of similar data arising from many points, there is controversy as to the possible users.

The Department of Industry has commissioned an applications and comparable technology survey from PA Management Consultants.

This in itself was open to some query as the only real knowledge of array machine problems lies in the U.S. The report has now been presented to the DoI, and it is said, solves nobody's problems. PA's initial version, it seemed, did not fully understand the DAP's performance potential, while the possible users it turned up were in favour of experimental array machines in principle, but were also mostly in general agreement that "someone else should be the first to prove their practicability."

Part of the trouble also seems to be that some possible users are not quite sure of the level of corporate support that ICL will give the development. Not forgotten even now is the dithering over the large "European Computer Project" of the late sixties and early seventies, and the disastrous 1908 large machine episode.

The DAP has evolved since its original conception in 1969 and the first proposals put up by its originator, Dr. S. Reddaway of ICL in 1973. In part, as the result of suggestions by John Iliffe, the DAP is no longer a stand-alone processor/memory system. Much more emphasis now is given to embedding it into a conventional store within a 2900 Series machine (2960/2970). In this it differs both materially and in ease of use from the U.S. array machines which are all purpose-built and require unique operating software.

This concept, of course, has immense advantages. It puts the DAP into a new and special class, turning it into a powerful element of a conventional system, one which relies on the host system for systems support, input/output and supervisory software. It is interfaced to the host system by a controller which broadcasts instructions, addresses, etc. By embedding the array in this fashion, both array and host can be working simultaneously on separate problems.

At the end of the road, this ICL concept may well be the basis of "the large European-built computer" which can wrest from the American companies the dominance they have over high scientific computing. What is more, ICL seems likely to be able to do it quite cheaply.

Specialists talk of a machine with four times the power of a CDC 7600 and costing less than £1m.

ICL is projecting arrays of 128 x 128, and 256 x 256 PE's, the last of which should have a total store of some 8 Mgb. and which would give a power of 40 to 80 times the CDC 7600.

هكذا من الأصل

Building and Civil Engineering

Work rolls in for Wimpey

THREE housing contracts worth over £7½m. have been awarded to Wimpey in Scotland.

Largest of the contracts, at Meethill Road, Peterhead, comprises 303 single and two-storey dwellings.

The second contract is a 170-house development in the Altens area for Aberdeen City District Council. Like the Peterhead houses, these will be built in no-fines and are selected from the same range of metric houses.

The third job is in Livingston New Town and is an extension of a contract for a further 228 houses at Dedridge.

In Leeds, Wimpey is about to start on a £½m. houses and flats contract at Pepper Lane, Hunslet Road while down in the south of England at Sevenoaks, Kent it has won a £776,000 contract for 85 dwellings at Orchard Close.

Overseas Wimpey seems to be equally busy. The Municipality of Dubai in the United Arab Emirates has awarded a contract to Al Futtaim Wimpey, Dubai, for the construction of dual carriageway roads to link Dubai International Airport, via the Al Garthoud Bridge, which is now nearing completion, with Port Rashid.

Worth over £6.8m., the contract involves construction of 17 km. of dual carriageway roads comprising ten metre wide roads with a ten metre wide central reservation and two and a half metre wide footpath. The work includes construction of embankments, roadways, sidewalks, drainage, kerbs, and traffic light systems. Consulting engineers for this contract are Renardet-Sauti Ice, Rome. Work is due for completion by the end of this year.

In Iran a new company, Wimpey Laboratories Iran SSK is being formed to take over Wimpey Laboratories' work. The Company, which is jointly owned with Tehran Berkeley Engineering and Sounding Co. will undertake geotechnical and geological investigations, hydrographic and geophysical surveys and materials testing.

Over £6½m. worth for Howard

FOLLOWING its completion of Thames flood prevention work at Erith, Kent, for the Greater London Council, the John Howard Group is now to undertake a further contract for similar work at Woolwich. Value of this contract is £3¼m.

Howard has also won a £2.8m. contract for the construction of a new quay for the British Transport Docks Board at Southampton.

The group's subsidiary, John Howard and Co. (Northern) has won a contract for the partial design and complete construction of a £465,000 sewage treatment works at Weaverham, near Northwich for the North West Water Authority.

Bowey not short of work

CONTRACTS worth £1.5m. have been won by the Bowey Group. The Group's main building company Ralph Bowey and Son is to carry out a £460,000 housing scheme at Thompson Road, Sunderland, for the Cheviot Housing Association, while three advance factories are to be built at Victoria Road, Hebburn, South Tyneside, for the English Industrial Estates Corporation at a cost of £350,170.

The company is also to build a new assembly hall at the Newcastle Central High School under a £75,700 contract and it has started on a £115,600 bungalow scheme at Billingham, Cleveland, for Stockton Borough Council.

Orders gained by four other members of the Group bring the total to the £1½m. mark.

Order from Middle East

WYSEPLAN has won its largest ever single export order from the National Iranian Oil Company.

The £355,000 order covers the supply of 112 fully finished aluminium skin "knockdown" temporary accommodation units which together will create residential and office complexes on new sites in the Persian Gulf for NIOC personnel.

Wyseplan has manufactured 30 fully equipped living units with bathrooms en suite, 50 office and administration units, three canteen catering complexes and three fully equipped recreational *buildings to complete the order* and the units are scheduled to leave Wyseplan's Chawston headquarters later this month.

Homes and factory contracts

JOHN LAING Construction, has secured its fifth housing contract in the South Benwell redevelopment area of Newcastle upon Tyne.

The £1.5m. contract is for the construction of 171 dwellings for the Newcastle upon Tyne Metropolitan City Council. The *dwellings are to be built at* Isabella Street adjacent to the company's contracts in Buddle Road (finished last year) and Amelia Street (due for completion in October).

As before, the two- and three-storey dwellings will be of traditional brick construction with pitched roofs and will comprise 46 one- and two-bedroom flats and 125 two- and three-bedroom houses accommodating up to 719 people.

In Yorkshire John Laing is soon starting work on a £500,000 contract to build a factory for the production of Lytag lightweight aggregate. The plant will be close to the power station which will provide the raw material—fly ash.

£1m. City award

BALFOUR Kilpatrick has been awarded a services sub-contract valued at over £1m. for work at Seal House and Fishmongers Hall, City of London.

The sub-contract, which includes heating, ventilation, air conditioning, plumbing and sanitation, piped services, electrical installation and fire protection, is due for completion in January 1978.

The architect is William Holford and Partners and the main contractor Sir Robert McAlpine and Sons.

Research facilities extended

WILTSHIER Construction has completed a four-storey extension to the main research building of Pfizer at Sandwich, Kent, in time for the official opening to-morrow by Professor Sir Arnold Burgen, Director of the National Institute of Medical Research.

The £2.3m. building provides about 69,000 square feet additional accommodation for research laboratories and administration offices and was an extremely complex contract which was completed to the 25-months programme.

The building is a concrete frame with hollow pot floors, and it is clad externally mainly with pre-cast panels with brick end panels and hardwood window frames with lead cladding panels under. It is partially air-conditioned, ventilation generally being conducted through perforations in the metal tray *suspended ceilings.*

Different types of laboratory are housed in the extension and involved installation of extensive and complex services. Architects for this project were Percy Thomas Partnership, the quantity surveyors I. E. Symonds and Partners and the structural engineers were E. W. H. Gifford and Partners.

Cubitts busy in the Midlands

HOLLAND Hannen and Cubitts (Midlands) is to start work soon on four contracts valued at *almost £1.5m., for extensions to* two educational establishments, a housing development, and a housing modernisation scheme.

At Quorn, Leics., it will carry out extensions and conversions to the Rawlins Community College at a cost of £470,000. Two two-storey blocks will be built, one in load bearing brickwork and blockwork, and the other of steel frame construction.

A single-storey science and design block of traditional construction and a part single- part double-storey combined administration building and adult centre will be built at the Upper School, Lutterworth, by Cubitts. The administration section of the split-level extension will be of steel frame construction and the two-storey portion will have a reinforced concrete frame. Value of this contract is £514,000.

At a cost of £400,000 the company is to provide 42 houses for Wyre Forest District Council at Stourport-on-Severn while under £66,695 order it is to modernise 14 dwellings in St. Georges Road, Coventry, for the City Council.

Wall finish defeats the vandals

A LAMINATED multi-colour wall finish, costing between £1 and £2/square metre, and claimed to be so tough and glossy that vandals find it extremely difficult to damage or write on, has been introduced by Lamacrest, Cold Bath Road, Harrogate, Yorks. (0433 66656).

First a coloured base coat (a variety of bright shades is available) is applied with a roller—thixotropes incorporated in the base resin ensure that it does not run or sag. While the resin is still tacky, an electric blow gun is used to spread lightweight coloured pva flakes (many colour combinations are included) over the wall. The flakes stick to the resin and the roller is used to embed them.

In a few hours, when the base coat is firm, the surface is sanded with a hand block to make sure *no flakes are protruding.* Two further coats of resin are then rolled on to seal the flakes under a hard, glossy coat. While the coat is flexible and will not crack, its adhesion is stated to be high (1800 psi to mild steel). Final thickness of the finish is between 300 and 500 microns.

Power unit for breaker

HYDRATOOLS concrete breaker, already known as a plug-in unit operating from existing hydraulic circuits on contractors' plant, now has a compact power unit to go with it, developed by RV Hydratools, South Marston Works, Swindon, Wilts., SN3 4RA (079382 3241), a Vickers subsidiary.

The HydraPac power unit is driven by a single cylinder engine, can be carried by two men, measures 23 x 25 x 30 inches long, and needs no special vehicle for transport. A detachable undercarriage fitted with *two puncture proof rubber tyres* and a handlebar, enables one man to move the unit over rough ground.

"Quick connect" self-sealing couplings are used on the hydraulic hoses for simple connection of the breaker.

Big housing scheme

WILLETT *Homes (Trafalgar House Group)* has begun a major development in Winchester, Hants. Over the next eight to ten years it aims to provide 1,000 new houses at Badger Farm on land sloping south west of the city.

At Horsham, Sussex, Willett has just completed a multi-storey car park, shops and offices under a £3m. contract from the Norwich Union Insurance Group in conjunction with Horsham District Council.

Automated design progresses

THE DUTCH Ministry of Transport and Water Supply, the Rijkswaterstaat, has concluded a three-year agreement with Genesys for a sum of over £100,000.

During the three years, Rijkswaterstaat, in co-operation with *Genesys, will be continuing the* development of structural and civil engineering subsystems and enhancements to the system. The Rijkswaterstaat, as a result of this agreement, will have exclusive rights to market Genesys in Holland.

Software specialists in the Netherlands are already contributing much new material to the Genesys concept and some of their subsystems are now being marketed internationally by the company.

This three-year agreement, following on the first, which was concluded in 1973, confirms official Dutch commitment to the British-developed automated design system for the civil engineer.

Genesys, Pennine House, 2 Lemyngton Street, Loughborough, Leicestershire LE11 1XA (0509 39185).

Warehouse in Spain

ONE OF the largest steel-*framed warehouses in Spain* is being built in Barcelona to provide 17,000 square metres of storage for BASF AG.

To achieve the required height of 14 metres, a Conder portal frame design is being used by Construccione Thomas Sala (Conder licensee in Spain). *Conder's computer programming* services were used to produce a specification for the structure. When completed, three spans will be 176 metres long and one 143 metres long.

Active in Inverness

OVER £½m. worth of work has just been started by G. R. Stuart Construction in Inverness.

Included is Stratherrick *primary school,* Gorthleck for the Highland Regional Council (£104,000), modernisation of 40 flats at MacEwan Drive and Bruce Gardens for Inverness District Council (£129,200) and modernisation of 102 houses at Maxwell Drive and Lindsay Avenue for the same council (£279,500).

Keeps them moving

A PASSENGER conveyor linking ground and first floor sales levels as well as a roof-top car park has been installed at London Co-op's new store at Wood Green, London, by Marryatt and Scott.

Each of the four 32 metres long units involved is capable of moving 7,000 people an hour, claims the company.

IN BRIEF

● Ernest Ireland (Contractors) has secured contracts worth over £2½m., including a boiler house at Devonport Dockyard, mess room and workshops at Warminster, and a block at Plymouth Polytechnic.

● At Teenahoun, Canon Bridge, Alexander Hall and Son (Builders) is to erect 100 two-storey terraced blocks of houses, under a £867,000 contract from Ross and Cromarty District Council.

● Erection of 16 flats in four 2-storey blocks worth £150,000 is in progress at Bromsgrove Road, Studley, by David Charles Construction, for the Spiral Housing Society.

● In Weston Favell Road, Northampton, J. A. Elliott is building a £¾m. four-storey office block for Diversey.

● To be completed by November, work has begun on a £556,000 contract to extend berthing facilities at Sheerness Docks for Medway Port Authority. Contractor is Costain Civil Engineering.

● Construction of 51 flats has been started at Parkhill, Moseley, under a £415,060 contract awarded to Wates (Birmingham) by the Bromford Housing Association. The contract covers two three-storey blocks and is due for completion in January 1977.

● The contract for a new community centre at World's End Place, King's Road, Chelsea, London, has been awarded to Bovis Construction. It is worth about £245,000.

● Croydon builders, W. J. Simms Sons and Cooke (Southern) has won a contract worth nearly £1m. for 78 flats and maisonettes on four sites in the Southwark area. The negotiated contract, awarded by London Borough of Southwark, will take two years to complete.

THE FINANCIAL TIMES

(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026

Birmingham: George House, George Road 021-454 0922
Dublin: 8 Fitzwilliam Sq. 785321
Edinburgh: 18 Hanover St. .. 031-226 4120
Leeds: Permanent House, The Headrow 0532 454969
Manchester: Queens House, Queen St. 061-834 9381
Paris: 36 Rue du Sentier 236.50.59 (editorial) 236.86.01 (business)
Bonn: Pressehaus 11/104 Heussallee 2-10 222596
Frankfurt: Frankfurt am Main, Im Sachsenlager 13 555730 (editorial) 554667 (business)
Brussels: 39 Rue Ducale 512-9037
Rome: Via della Mercede 55 .... 678 3314
Stockholm: Raalambsvägen 7, 105 17 Stockholm. Tel: 50 60 88
New York: 75 Rockefeller Plaza, NY 10019 Editorial—212 541 4625 Business—212 489 8300
Washington: Second Floor, 1325, E. Street, N.W., Washington D.C. 202 347 8676
Jo'burg: 637 Union Centre East corner: Pritchard and Harrison Streets. P.O. Box 2128
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Tel: 241 2920

MONDAY, JUNE 21, 1976

The priorities of policy

LAST FRIDAY'S speech by the Governor of the Bank of England should help to clarify public thinking on two important matters. First, there is the action which may have to be taken if economic recovery proceeds too quickly, or if there is a danger that exports or investment may be impeded by other claims. There is a natural tendency for Government departments which prepare contingency plans for such situations to put their emphasis on tax increases. These do have the mechanistic advantage, especially in the case of indirect taxes, that they can be implemented quickly.

Mr. Gordon Richardson did well to set his face against this approach. Indeed, he suggested, as a principle, "a presumption against increases in tax rates," and that any required reduction in Government borrowing should be accomplished by restrictions on the expenditure side. He was not talking of immediate cutbacks but in favour of making adjustments to spending "in advance," in view of the well-known time lags in changing course.

It is good that this has been said. In the past four years public spending has risen by nearly 20 per cent. while real output rose by under 2 per cent. The psychological and confidence effects of yet another increase in the tax burden would be entirely different from the effects of an announcement that Government spending — and not merely some change in a predicted rate of increase — were under stricter control.

Spending plans

Neither the Treasury nor the Bank's published economic forecast points to the need for immediate action. But, as the Governor said, such forecasts often understate the rate of recovery in the present phase of the cycle. Even if they do not, there is everything to be said for an early announcement of the Government's spending plans for 1977-78 and beyond. The last Public Expenditure White Paper has long lost all credibility and the sooner a more realistic statement can be made to Parliament, the better.

The second, and even more important, subject discussed by Mr. Richardson related to the instruments and goals of policy. He came nearer than he has ever done before to advocating a money supply objective to which the authorities would be committed in advance. He also enlarged further on the suggestion in the Bank of England Bulletin that there should be a target growth for the money national income, which would make it clear that the growth of real output and employment depended on progress in keeping inflation under control.

It is not at this stage the technicalities of the different forms of monetary policy and demand management which matter. There is no one obviously superior formula, and several alternative techniques could work if the political will were there. The point is that definite objectives may make official aims clearer, and give the public a greater sense that the authorities are committed to achieving them. After some worrying figures earlier in the year, the money supply is once again on a moderate trend. The advantage of the more explicit and quantified objectives, about which the Bank has been thinking aloud, is that they may give the public greater confidence that the trend will be maintained.

Main objective

The adoption of explicit monetary guidelines makes sense on the assumption that the control of inflation is the main direct objective of policy. Experience in many countries has shown that if one attempts to achieve desired levels of inflation, employment and interest rates all at the same time, one ends up achieving none of them. A low and stable rate of inflation will itself bring down interest rates and promote a climate helpful to employment.

Monetary policy cannot achieve everything. But it can be a powerful weapon in promoting more stable prices. Once price expectations have been decisively changed, the behaviour of unions, investors and savers—both home and overseas—should change as well; and we could make a start on those industrial and labour market policies which are necessary to restore full employment. But none of these things will be achieved unless the anti-inflationary aim is made the direct objective of fiscal and monetary policy, to which other aims must be subordinate.

A closer dialogue with Paris

PRESIDENT Giscard d'Estaing's state visit to Britain this week, the first by a French President since General de Gaulle's in 1960, comes at a time when relations between the two countries are at a fairly low ebb. M. Giscard d'Estaing has never had any close personal rapport with either Mr. Callaghan or Sir Harold Wilson — unlike the relationship that existed between M. Pompidou and Mr. Heath. Both at this level, and below, there has been considerable irritation in London over French policies in recent years, matched by suspicion in Paris over the U.K.'s European objectives.

It is not just that the two countries' interests so often diverge, as they do, for example, over a wide range of specific EEC issues from the Common Agricultural and Fisheries Policies to direct elections to the European Parliament. There seems to be a more general sense of resentment in Whitehall over the comparatively greater success of French diplomacy and economic planning, which has recently exacerbated the traditional jealousy between the two countries. It is not unusual at international meetings nowadays for British Ministers and senior officials to complain privately, but mistakenly, that French policy seems designed to do Britain down. If M. Giscard d'Estaing can do something towards dispelling this impression it will be to the good of both countries.

At the same time, there are signs that the British Government is now seriously reviewing its attitudes towards the EEC, and thus its relations with Paris. This is partly a consequence of Mr. Crosland's arrival at the Foreign Office; it also seems to stem more broadly from the psychological impact of the climbdown in the cod war. It is now increasingly recognised in Whitehall that the U.K. is likely to strike a better bargain with Reykjavik in future by negotiating via Brussels, with full Community backing, than could ever have been achieved by sending in the Royal Navy.

A third factor is that the Foreign Office, after closely studying French behaviour in the Community, has apparently now come to the conclusion that it is worth trying to imitate it. The analysis is that France is the EEC country most similar to Britain—both have strong national interests and want to maintain a great deal of independence in many policy areas—but while France usually appears to get its way fairly effortlessly in Brussels, the U.K. often has great difficulty, as, for example, over the separate seat at the Paris North-South dialogue. One conclusion is that France succeeds by always giving the appearance of great "Europeanism" even when out on a limb. Britain, on the other hand, is constantly branded as the least "European" of the EEC's Big Four and forfeits sympathy with her partners.

Expected outcome

The widely expected outcome from the French President's visit is an agreement to step up political consultations between the two capitals at both Ministerial and Heads of Government level. Future meetings would not be so highly institutionalised as talks under the Franco-German friendship Treaty, but would be more like the informal arrangements with Bonn initiated by Chancellor Schmidt and Sir Harold Wilson. More regular consultations between London and Paris would close the third side of the triangle and could help Community decision-making by reducing the risk of the kind of Anglo-French misunderstandings that have been so frequent in the past.

With Black confidence rising, Mr. Vorster now wants Western support, writes **Bridget Bloom**

South Africa's vulnerability

The day in Soweto which started it all: two young students carry the body of a dead pupil—one of those shot in the riots.

MR. JOHN VORSTER, the South African Prime Minister, arrived in Bonn over the week-end, and to-day he will brief South Africa's Ambassadors. On Wednesday, as scheduled, he will meet the U.S. Secretary of State, Dr. Henry Kissinger. In South Africa itself over the week-end, South African police succeeded in crushing the rioting in the Black townships, the scene, last week, of the most searing racial violence in South Africa's recent past. Soweto, and the others, are now quiet, if still very tense.

Soweto, where the riots and shootings began, will go down in history as of equal and possibly greater significance to the shootings of 69 Africans at Sharpeville 16 years ago. Sharpeville's importance — beyond the immediate international outcry at the horror of the killing of unarmed Africans by armed police—was that it marked the end of one phase of African nationalism. With the banning of African political parties, and the ruthless suppression of all formal Black opposition to apartheid which followed, Sharpeville led to a period of near quiescence which has lasted sixteen years.

Bitterness of the Blacks

Black opposition to apartheid remained, as was shown by the isolated incidents of violence on the mines, for example, or perhaps the more relevant case of the proliferating strikes among Black workers in 1974. But what Soweto has again reminded the world, and White South Africans, is that there has remained continuing deep frustration and bitterness among Black South Africans which the apparent calm since Sharpeville and the much vaunted progress made in the implementation of the Nationalist ideology of separate development, has done nothing to assuage.

It is too early to tell whether Soweto will prove to be the beginning of a new or possibly even final phase of African nationalism in South Africa. But despite the government's apparent success in quelling the riots, what Soweto has done is once more to highlight the vulnerability of White South Africa. To those who want to heed the lesson—and there is some indication that Mr. Vorster himself understands it—South Africa now, even more than before, could stand or fall on the degree of support, if not sympathy and understanding, which it can get from the West.

This is why Mr. Vorster, who could so easily have postponed his meeting with Dr. Kissinger on the plea of needing time to ensure that everything was fully under control at home, has taken the gamble and decided to leave the country for the best part of a week. Even before Soweto, Mr. Vorster viewed the Kissinger meeting as of paramount importance. South African Ministers, including the Prime Minister have long had what amounts to an obsession that their country should rightly be a full member of the Western community, and clearly a meeting with the arch diplomat of the West was one way of reinforcing this both at home, and in the international community.

But there were in addition specific reasons why Mr. Vorster has set great store by this week's Bavarian talks. As a result of the failure of his detente policy in southern Africa—underlined by the escalating guerilla war in Rhodesia, as well as by South Africa's own disastrous intervention in Angola earlier this year—the mood of White South Africa has changed quite dramatically in the past few months. A widespread feeling that the Government's detente policies, both at home and abroad were being successful had enduced in White South Africa a mood amounting almost to euphoria. But early this year the failure of Angola, then detente over Rhodesia, plus a deteriorating economic situation within the Republic and serious controversy over the success of the policies towards the Homelands, the Coloureds and Urban Africans had punctured that confidence—even before Soweto.

Mr. Vorster clearly hoped that his meeting with Dr. Kissinger would go some way to rebuilding some of the earlier confidence—his own, perhaps, quite as much as his electorate's. The meeting, by holding out the possibility of a joint American-South African initiative on the remaining colonial problems of southern Africa, would have helped to put steam back into the Prime Minister's own failed efforts at detente.

Even before Soweto, it was doubtful whether there was much hope of Washington or Pretoria, jointly or singly, being able to persuade Mr. Ian Smith to negotiate a handover to Black rule in Rhodesia—the vital point of any peaceful settlement in the whole area. Additionally, it is far from clear whether Dr. Kissinger, who for many years showed no interest in southern Africa, was then or is now armed with an overall "peace plan" for the area, as has been suggested. His speech in Lusaka in May, with his testimony to Congress shortly after his return from Africa, gave no evidence of new solutions, although the U.S. Secretary clearly hoped to persuade Mr. Vorster to put extra pressure on Mr. Smith to settle, and hoped, too, that Mr. Vorster could be persuaded to move faster on the question of granting independence to Namibia (South West Africa).

However, in one vital respect, Dr. Kissinger's Lusaka speech and his subsequent statements were of considerable comfort to South Africa. For while Dr. Kissinger criticised apartheid, he did so in a relatively mild fashion, declaring American opposition to what he termed the "institutionalisated separation of the races" and expressing the hope that South Africa would see the need to change.

But if the public aim of both Dr. Kissinger and Mr. Vorster was, before last week, to try to improve the prospects for peace in southern Africa, for both men now—as for the West as a whole—the meeting takes on a new significance as a result of Soweto. The chances for any meaningful peace initiative now seem even slimmer. Mr. Vorster is now even less likely to feel able to pressurise Mr. Smith, if only because Mr. Smith himself is not above appealing over Mr. Vorster's head to point out the obviously threatening message of Soweto to the White South African electorate.

Dr. Kissinger's problem

Dr. Kissinger, on his side, will need all his undoubted diplomatic powers in what has suddenly become a highly delicate situation. Dr. Kissinger is no doubt well aware that Mr. Vorster's main aim in Bavaria will be to seek to get—or at the least to present their meeting as—some sort of Western endorsement for South Africa. Soweto's sudden eruption of violence, and the brutality of its represssion, has reminded the world again of the essence of South African society. Bavaria is likely to prove only the first round of a renewed and no doubt agonised debate about what relations the West wishes to have with such a state.

As for the likely impact of the events at Soweto within South Africa itself, part of the answer arises from examining Sharpeville and its aftermath. That event—a demonstration which was the culmination of a long Black campaign against the pass laws—provoked a ruthless and efficient crackdown on all African opposition. The continued and increasing efficiency of police and intelligence operations has been the major reason for the quiescence of the African population over the past sixteen years. But by no means insignificant in this respect has been the Government's ability fractionally to shift its position, when threatened, without in any way altering the fundamentals of apartheid or the maintenance of White rule.

Such a shift, for example, has been seen in the past few years in the decision to encourage the independence of the Black Homelands, whose leaders have thereby been given a platform from which they occasionally legally express some of the pent-up hostility of all Blacks to apartheid. Another was the decision to restrain the police (in marked contrast to both Sharpeville and Soweto) during the Black workers' strikes in 1974, and even to encourage companies to pay higher wages. Yet another is the—very slight—easing of some of the restrictions on jobs for Blacks, or of "petty" apartheid restrictions in public parks, libraries, or some hotels. In plain language, it may be called the system of the bubbling pot: South Africa's White rulers know they are sitting on a cauldron, but by adjusting the heat from time to time they hope to prevent he lid blowing off.

Soweto is certainly the nearest the South African cauldron has come in 16 years to having the lid blown off, but, the week-end showed, there are still strong and determined hands manipulating the controls. Soweto is no more likely than Sharpeville to make the Afrikaner change his fundamental belief in the rightness of White rule, even though it could be argued that such change is even more vital now than it was sixteen years ago.

The immediate response to Soweto has, as at Sharpeville, been ruthless, with Ministers ordering police repression "at all costs" and declaring that the riots were the result of some (unspecified) conspiracy rather than a spontaneously spreading protest. The only glimmering of a concession so far has come from the Minister of Bantu Affairs, Mr. M. C. Botha, who has apparently declared that the introduction of Afrikaans teaching in Black schools—the spark which lit last week's violence—was not necessarily compulsory. It remains to be seen whether the concession is real.

Confused and uncertain

In the immediate future, some indication as to the Government's attitude will come from its actions in the aftermath of the violence: how many of those arrested (so far officially unnumbered) will be prosecuted; how long will the schools remain closed; how long will the townships remain under virtual military occupation: when will White staff (for there are not enough Blacks) return to hospitals and schools and administration—and will there be any improvements in the quality of buildings staff and the services they offer?

There are few indications so far on which to base answers to these questions, although it has seemed obvious for some months now that the general mood of White South Africa — confused and uncertain as it has been recently — favours a tightening rather than a liberalisation of apartheid. Since Soweto there have been strident protests from the opposition Progressive Reform party in particular, about the greater need now for liberalisation, but so far the indications are that this has driven the Government and its Nationalist supporters (who have a large Parliamentary majority) even further to the Right.

In the last two months, several issues, all central to apartheid, have provoked tough reaction from the Government. It seems determined to insist that all urban Blacks, who according to the dictates of apartheid, all originated in one or other of the rural homelands whether they were born there or not, must henceforth become citizens of those homelands losing their South African citizenship. Only last week, the long awaited Government White Paper on the Erika Theron Commission was published: the mildest of recommendations that the Government should examine the possibility of giving the Coloureds (mixed race) representation alongside Whites has been firmly rejected.

As for the Blacks themselves, they remain, as they did after Sharpeville, without power and without the legal possibility of political organisation. There is, however, perhaps one fundamental difference now. Just as White South Africa has had its confidence undermined by the failure of detente, and in Angola, so Black Africans' confidence has increased as a result in particular of the accession to power of Black Governments in both Mozambique and Angola.

And it will not be lost on the Blacks, very many of whom have a high degree of political consciousness, that the former Portuguese territories won their independence through an armed struggle. There has been no confirmation of the suggestion by one senior police officer last week that some of the rioting Africans possessed weapons. While this seems unlikely, at least on any scale, many Blacks believe, and no doubt even more firmly after Soweto, that their only hope of power lies through the gun.

The opponents of apartheid, and with good reason, have been much less ready now to predict the downfall of White South Africa than they were in the aftermath of Sharpeville. Perhaps all that can be said with certainty is that it will be less easier to ignore Soweto than it has been to forget Sharpeville.

MEN AND MATTERS

Wimbledon: the financial score

From to-day and for the next two weeks, barring disastrous weather, upwards of 330,000 fans will pour into the grounds of the All-England Lawn Tennis and Croquet Club (croquet is still played on one of the well-manicured lawns) for the annual tennis feast of Wimbledon.

Each day they will discard enough litter to keep an army of cleaners busy into the small hours, but more important they will collectively leave behind some £520,000 in gate receipts. Last year tickets for a reserved seat on the centre court cost £3.30, No. 1 court seats were £1.65 each, and admissison to the ground cost 75p. Income from ticket sales was about £400,000 and a further £240,000 was raised from other sources—programme sales and advertising. TV fees, players' entry fees (they do still pay them), debenture car parking and cushion sales.

For the first time there was also discreet commercial exploitation of Wimbledon both among the companies associated with its promotion like Slazengers, British Leyland, Coca-Cola and Commercial Union and also with daring innovations like the William Hill betting tent.

The biggest single expense is, of course, the prize money which last year totalled £116,726 and this year has risen to £157,740. To meet this increase and the steadily rising costs of mounting Wimbledon, ticket prices have been raised by some 30 per cent. so that a reserved centre court seat costs £4.40, a No. 1 court seat is £2.50 and ground admission costs £1. There will also be about £50,000 more in commercial income with new companies coming to the garden party including ICI, BP, Wilkinson Sword and Barclays Bank. There will, however, be no betting facilities on the ground this year, but additional facilities include a Wimbledon shop selling inexpensive souvenirs.

"It's a very poor picture—I can't read the maker's name on the racket."

As the result of an agreement made in 1923 and since renewed in 1966 the championships are administered by a joint management committee composed of All England Club committee men and Lawn Tennis Association councillors. The careful wording of this agreement preserves a fine balance of power between the two most important bodies in the British game. Funds are allocated to the joint management committee for the running of the championships and to the club committee for conducting the affairs of the club throughout the year. The balance (£121,000 last year) goes to the LTA as its main source of revenue in running British tennis.

The crowds attest to Wimbledon's successful formula of improving facilities and giving value for money: as long as the rain which marred the end of the exciting Nottingham tournament at the weekend holds off, last year's record attendance of 338,591 will almost certainly be broken.

L. Gardner: keeping quiet

The motor industry at large may have been given an exciting moment or two over Rolls-Royce Motors' surprise purchase of a 16.7 per cent. stake in L. Gardner, the diesel engine manufacturer. But the object of the attention has been as silent about itself as its famous engines are reputed to be on the road.

Gardner is a firm disliker of publicity, and exhibits an independence that presumably takes confidence from a full order book and a patient clientele. Few outsiders know much about the company, and it appears to take rather stern lines on visits by shareholders.

In its last annual report, the company noted that large investors often wanted to interview managements and have a look round the works. Understandable, declared chairman George Flint, "but detailed application can lead to difficulties. Such visits are necessarily inquisitive and interogatory and different impressions may be given on different days." Gardner's answer: a democratic conducted tour round the place following the May annual meeting.

Much of the shareholding strength is thought to reside with the Gardner family, which still has two representatives on the Board. The founders back in the mid-19th century were successful engineers, and engineering continues to run strongly in the family: Hugh Gardner, who retired as managing director last year, but who still spends a lot of time at the office, is regarded by people in the industry as one of the best diesel designers in the business.

In fact, the engine that the Eccles-based company is now selling has a pedigree stretching back about 50 years. Its basic concept has been little changed since then—though, of course, many of its components have—and still operators say it is the quietest and most efficient in terms of reliability and fuel consumption, currently on offer.

But life is bound to throw up its problems. Three years ago, the company was shaken when it ran into a damaging strike and now seems under siege from Rolls-Royce. Talks on "trading co-operation" were indeed held last year, and Rolls is clearly keen to get closer, even talking about a "full merger." But Gardner issued a sharp retort which appeared much less enthusiastic. As for chairman Flint, a Manchester solocitor, he is not keen to go into details about his company; he thought everyone in the truck industry knew all that was necessary about Gardner, and the essential fact was that the group was a profitable operation.

Mixing up

From the staff magazine of a Leeds company: "My favourite drink for livening up a party is two parts whisky and one part green Chartreuse, with an equal quantity of fresh pineapple juice. If you are unable to get fresh pineapples, get canned." Shouldn't be difficult anyway.

Observer

FINANCIAL TIMES SURVEY

Monday June 21 1976

IRAN

After two years of startling expansion, Iran is having to accept that there are constraints on growth in the face of slack oil demand. The gap between rich and poor has widened, and the Government, anxious above all for stability, is confronted with severe social problems.

Reality clouds the vision

By Robert Graham
Middle East Correspondent

THIS TIME last year the boom atmosphere in Tehran was just beginning to fade. The full extent of the physical constraints on growth were appearing and it was being realised, albeit slowly, that time was needed to digest two years of unprecedented expansion. But few could have foreseen the remarkable change which has occurred in the country over the past 12 months. The questions of Iran's resources matching up to ambitions were only vaguely posed: now they are seriously asked. The prospect of Iran going to the international market for substantial borrowing seemed two to three years distant: but it has happened already, due to overspending and unexpected revenue shortfalls from lower oil sales. Coming to terms with these realities has not been easy because it touches on that prickly area of national pride. As yet there has been little hint of overall objectives being altered or sights lowered.

The Shah, who is celebrating this year the 50th anniversary of the Pahlavi dynasty, still remains committed to the concept of the "Great Civilisation." He sees Iran rapidly joining the ranks of the industrialised nations and by the 1990's becoming the world's fifth industrial power: a position achieved through maximum utilisation of oil revenues and employing the latest technology. This vision really did catch the imagination of world leaders. It was stated with such conviction and it came at the time of the quintupling of oil prices in 1973, the sudden emergence of the power of OPEC and the beginnings of recession in the west. Then the idea—coming from OPEC's second largest producer, and a non-Arab country friendly to the West with seemingly limitless revenues, seemed attractive. But international circumstances have changed.

Reasoned

The consumers have adopted a more reasoned view of the strength of OPEC. The prospect of an oil embargo has been replaced with a tentative "dialogue," which embraces the wider aspect of relations between developing and developed countries. Oil has proved sensitive to market forces. Iran has had to follow its Gulf neighbours in twice cutting the price of its heavy crude in the past four months, and, to make its own direct sales, has had to offer substantial discounts. For those producers like Iran who need OPEC as a cartel to push up prices, the message has become clear. Whatever Saudi Arabia wants, it is difficult to oppose. This was evident at the September OPEC meeting in Vienna and was confirmed last month in Bali where Saudi insistence on a price freeze until the end of the year was accepted.

The effect of slack international demand on Iran's oil-based economy has been dramatic. Foreign receipts in the year ended March 21 increased by 2.8 per cent., while imports increased 48 per cent. Receipts should rise again as the west moves out of recession and the oil price goes up next year. But as a trend receipts are likely to level off while import demand continues to grow, and the authorities cannot again afford to indulge in spending in the manner of the previous two years. Moreover by seeking to develop so quickly, the cost of development has been accelerated through demurrage, distribution delays, and higher wages, to say nothing of the foreign businessman trying to squeeze maximum profit.

The Iranians feel piqued at the way their economic problems have been presented in the international Press, and there is a deep sense of hurt at the change from laudatory articles on the Iranian "miracle" to descriptions of economic shambles with allegations of torture thrown in for good measure. However, the Shah has set Iran very high standards and by these standards it is judged. Iran's development plans are full of sound aims, but they are often wrapped up in impractical prestige projects. Stripped of these it would not be difficult to say that Iran, despite its current economic problems, is doing as well as if not better than other developing countries at similar stages of evolution.

The doubling of the plan was more a wish fulfilment than a realistic exercise. Now it appears that the plan objectives will take at least an extra two years to fulfil. This does not matter, as a slower growth rate of around 12 per cent. will make achievements easier to consolidate. But the hope of Iran being able to replace by the 1990s its dependence upon oil with a wide manufacturing base capable of sustained growth and substantial export earnings is receding into the distance. For instance, targets of a 25m. tons annual steel production in 15 years, which would allow sizeable exports, are unrealistic (total production by the end of next year will be under 2m. tons).

Gamble

Longer-term doubts must exist about the ability of Iran's industry to compete in the export field, which is after all, the real aim of the Shah's gamble. Iran has opted in a big way for capital intensive and energy intensive industries like petrochemicals, steel and aluminium. But it must compete against its Gulf neighbours who are doing or going to do the same. In manufacturing the likely competitors in low and medium technology products are India, Pakistan and Turkey—all of whom have much lower wages than Iran. Wages in Iran have increased on average 30 per cent. per annum over the past three years. Meanwhile, agriculture remains the Cinderella. The big foreign ventures in Khuzestan have run into difficulty and productivity is low, creating a foodstuffs import bill of $1.5bn.

But everything cannot be viewed in economic terms. The Shah has put a strong emphasis on education and social development, geared towards producing an affluent middle class and a well-fed, contented labour force. In fact political considerations weigh strongest. The controversial scheme to make manufacturing companies divest 49 per cent. of their shares to employees and the public is designed primarily to fulfil two functions: to prevent an undue accumulation of capital and economic power in the hands of the industrialists and to buy industrial peace and the allegiance of the working class. The same considerations lie behind the Ministry of Labour's policy of sympathising in wage matters with employees, so much so that strikes (which are illegal) have begun to occur when in the past three months the Government has ineffectively sought to implement a wages policy.

Incomes have showed a significant increase, but nevertheless are constantly eroded by the inflation or accommodation and rents. There is also an increasing awareness among wage earners of the accelerating gap between rich and poor. This has been recognised by the authorities and was a principal reason for the campaign against profiteering begun last summer. This was followed by an anti-corruption campaign which witnessed such notable victims as the head of the Iranian navy and his deputy plus some 660 civil servants who were found guilty of corruption. But judging by businessmen's comments these cases have merely scraped at the surface of the practice of bribes and kickbacks in this country.

These campaigns have absorbed the energies of the sole political party, the Rastakhiz (Resurgence) Party. In both the anti-profiteering campaign and the drive against corruption the party has been used as a sort of vigilante organisation, with students, for instance, sent out to check supermarket prices. The party itself has yet to find a real direction after 15 months' existence. In the towns and among the educated classes it had run up against a barrier of cynical indifference, with only a few believing that it offers the chance of greater participation in real decisions. But in the countryside the party has had more impact, perhaps largely because it has been seized as a means of making the Government pay more attention to rural needs and deliver on its promises of decentralisation.

Fear

The party's greatest problem is to overcome a general fear of becoming involved or committed. This problem too on a broader level faces the monarchy in stimulating a sense of national participation. The desire to stay out is an inevitable consequence of a tough all-pervading police state apparatus which is over-eager to interpret dissent or criticism as disloyalty. And Iran does have such an apparatus in the form of Savak, which has acquired a reputation for cruelty, repression and torture. Iran is a country where the rewards for those who support the status quo are very high, but, conversely, the punishments for those who oppose it are great. This sort of atmosphere encourages people to hide, at least from public view, unpleasant truths, and not to take responsibility. Both factors have been in large measure responsible for the feeling of drift in the country to-day and the inability to take the necessary measures to restore confidence. Not since the Mossadegh era has so much capital left the country.

The impact of an active urban guerilla movement is hard to gauge. At least 40 guerillas have been killed in shoot-outs with the security forces this year. There have also been a number of bombing incidents including some unpublicised bombs in Tehran cinemas. The level of guerilla activity is probably no greater now than in previous years (unusually it seems to occur mainly in the spring), rather the authorities have chosen for the first time to publicise it. Support allegedly comes from Libya and the PFLP.

The guerillas seem no more than an irritant at the moment which the Shah can absorb, although their presence means that he surrounds himself with tremendous security measures and can never risk coming close to the people. This is left to the Empress who appears to be genuinely popular, presenting the "human face" of a severe monarchy in her country-wide tours. The Shah himself is taking an increasingly Olympian stand, and, according to some, is in danger of being isolated from the feelings of his people.

Where the Shah has to step warily is in relation to traditional interests. Religion is still easily offended in Iran—as it was when it was decided three months ago to adopt a new "monarchy" calendar based upon the reign of Cyrus the Great 2,500 years ago. So, too, are the interests of the bazaar. The Commerce Minister, Mr. Fereidoun Mahdavi, was forced to step down in effect because his policies of modernising distribution and controlling profits ran against traditional bazaar interests. But these latter interest groups are bound to be sensitive to the process of modernisation which is transforming the country. Indeed, considering the changes Iran has absorbed them remarkably well.

Progress since the 1973 oil price hike has been phenomenal, and it is all too easy to forget in Tehran that over 50 per cent. of the population is still illiterate, that there are hundreds of villages without piped water, that money is borrowed in the villages to go on the Hadj rather than invest in agriculture. But if such situations are to be changed, then more attention has to be directed to agriculture, something which does not have the glamour or prestige of large-scale industrial projects but which in the long term is socially and economically much more viable.

BASIC STATISTICS

Area	636,296 sq. miles
Population	33m.
GNP (est.)	$47bn.
Per capita (est.)	$1,400
Trade (1975)	
Imports	IR743bn.
Exports	IR1,351bn.
Imports from U.K.	£494m.
Exports to U.K.	£701m.

Currency: Rial
£1=IR123

Over the past year Iran has become well aware of the dangers of a narrow economic base. Production and distribution bottlenecks have arisen, inflation has reached a high level, and attempts to establish a wider industrial base have moved more slowly than intended.

The economy

JUST AS the rise in oil prices in 1973-4 showed the strengths of an oil-based economy, so the slack international demand for the commodity over the last year has exposed the weaknesses. The exceptionally high-growth rates in Iran which followed the escalation could not have been sustained indefinitely without severe distortions to the economy. This was clear enough last year as bottlenecks arose from manpower shortages, port congestion and poor distribution: and inflation reached unacceptably high levels. But the slowdown set in motion last July by the authorities has been exaggerated by the shortfall in oil revenues.

Indeed the extent to which oil production fell and revenues consequently declined has been much greater than anticipated. As a result the authorities have found it more difficult to come to terms with the problems that have arisen. The expanded version of the Five-Year Plan, 1973-78, allowed virtually no room for manoeuvre in the event of an oil revenue shortfall. This means that the Plan has been reduced in many instances to a mere guideline of development intent. All the same the Government, in public at least, has not lowered its sights and this year's $45bn. budget is still very expansionary, thus putting further pressure on financial resources and economic management.

However, the dominance of oil in the economy gives a distorted view of economic activity. The burgeoning industrial sector has proved dynamic and, so have services. These sectors have witnessed estimated growth rates of between 20 and 23 per cent. This reflects the very substantial funds pumped into these sectors by private business and the State. Investment was well up on the previous year, by over 50 per cent., and managed to account for 30 per cent. of GNP. Indeed growth would have been higher overall, despite the oil sector's performance, if agriculture done better. Officially agricultural production increased by 9.1 per cent., but unofficially its growth has been put at a 4 per cent. maximum. Agriculture still provides a livelihood for 56 per cent. of the population.

The vigour of economic activity in 1975 was further reflected in the activities of the banking system. Sight deposits increased 38 per cent. Money supply (MI) increased by 36 per cent. But in themselves these figures give little idea of the extraordinary evolution during this 12-month period.

In the first quarter the economy was still booming, expanding at a rate of 40 per cent., and there was none of the traditional slack in Government spending during this period. Commercial banks had used over 40 per cent. of their total credit increase allocations for the year, and some had even exhausted the allocations. By the time the Government reacted (far too late in retrospect) in July the economy was seriously overheated. It sought to mop up excess liquidity by raising the minimum reserve requirements for the banks, and to curb short-term foreign borrowing by doubling the ratio of obligatory deposits the commercial banks placed with the Central Bank from 15 to 30 per cent. At the same time a system of rigorous price control was instituted on a wide range of industrial and consumer products. The prices were pegged at January, 1974, levels.

These measures were effective dampeners — coupled with a growing realisation at Government level that inadequate port capacity, poor infrastructure and manpower shortages were imposing their own limitations on growth. Moreover, business investment began to tail off quite sharply in July when the Government announced it would go ahead with its scheme to make manufacturing companies distribute 49 per cent. of their shares to employees and the public: a negative effect which is still affecting business confidence.

It was against this background then that international demand for oil slackened, especially for heavy Iranian crude. Thus the turn-around from high growth to 'consolidation' did not really occur. The country went straight into a position of brakes firmly applied, with the consequent dislocations. Government reaction was both crude and simple—marginal projects were suspended and payment of contractors bills was suspended. By the time of the budget for the Iranian fiscal year 1975-6 (beginning March 21) was presented in February as much as $3bn. in such unpaid Government debts had accumulated.

The assumption appears to have ben that this dislocation is a temporary phenomenon and that it can be accommodated in more modest—but still expansionary—growth. The overall budget for 1976-77 is thus up 27 per cent. to $45bn. with a $2.4bn. deficit. The hope is that growth will average out at around 16 per cent.

To offset the dependence upon oil the Government this year has made efforts to improve tax collection in order to broaden the revenue base. The budget envisages a 53 per cent. rise in tax receipts, raising their share to 16 per cent. of total income. This substantial rise has been based on the experience of the previous year when receipts were 25 per cent. above projections. But the level of oil revenues will remain crucial. As it is the Government banked on oil income being higher this year to absorb most of the budget deficit: but the Bali OPEC conference has probably quashed that hope.

Constraints

Financial constraints have forced some important changes. Foreign assistance and investment has been cut back 40 per cent., cash payments for imports have been switched to credit and significant foreign borrowing accepted as necesary for the Five Year Plan's development has been accepted. On the project side a gradual order of priorities is emerging. Military expenditure (as much as 12 per cent. of GNP); the nuclear programme; development of the steel industry, expanding education, speeding up the housing programme and removing port congestion are the more obvious priorities. The all-important agricultural sector has even had its budget allocation cut.

It is hard to pinpoint projects which have been dropped. Rather it has now become a question of when they will be implemented. A lot of large projects are hanging fire, particularly in the petrochemicals field. This might be welcomed because the economy cannot properly absorb at the moment even 60 per cent. of the large-scale industrial projects envisaged in the Plan.

The balance of payments is discussed in detail elswhere, but here it is worth stressing the relationship of the Plan finances to oil income. The Plan anticipates that oil output will underwrite the balance of payments during the five-year period to the tune of $102bn. In the first three years oil has contributed $42.9bn.—and this year's projections would take the figures only up to $63[illegible] This gap is not going to [illegible] covered by the exports of oth[illegible] goods and services. Total rece[illegible] will not sustain the 2½ per c[illegible] annual growth anticipated, ev[illegible] with rising gas sales. Expo[illegible] could be about 60 per cent. [illegible] the $4.9bn. cumulative targ[illegible] Added to this demand is [illegible] being stimulated, pushing [illegible] the import bill. Moreover, [illegible] delays in project implemen[illegible] tion import substitution [illegible] take longer.

Iran does still have enou[illegible] leeway to manoeuvre. Ra[illegible] development is costly deve[illegible] ment like paying for expens[illegible] foreign expertise before lo[illegible] personnel are trained (there [illegible] now over 45,000 foreign[illegible] working in Iran); and dem[illegible] rage charges at congested po[illegible] A 16 per cent. growth targe[illegible] high by any standards and [illegible] economy need not be pushed [illegible] fast. There is tremendous sc[illegible] for streamlining of [illegible] economy. (A system of [illegible] accounting and closer in[illegible] ministerial co-ordination [illegible] being introduced.) There [illegible] still great waste both in ter[illegible] of duplication and low produ[illegible] tivity — the Plan organisat[illegible] believes that better managem[illegible] alone could probably elimin[illegible] the budget deficit. Projects [illegible] still thought of often in prest[illegible] terms rather than for their [illegible] economic feasibility.

Taxation

Iran's domestic finan[illegible] resources have only just beg[illegible] to be tapped. Taxation rates [illegible] low and collection still [illegible] sophisticated. (The Finan[illegible] Ministry is proposing to wr[illegible] off some 450,000 claims dat[illegible] back over 30 years.) Tax[illegible] should play a greater role, a[illegible] almost certainly will. The G[illegible] ernment can, too, if it wis[illegible] put an end to an expens[illegible] system of foodstuffs subsidi[illegible] costing $1.5bn. a year, wh[illegible] are inflationary anyway. Abro[illegible] it can cut back further [illegible] assistance programmes, wh[illegible] are still twice as much as Ira[illegible] foreign debt repayments. Fina[illegible] it has done very little borrowi[illegible] on the international mark[illegible] Debt servicing is under $800 [illegible] and foreign debt as a proport[illegible] of GNP is small compared to [illegible] Algeria or Brazil.

Taking tough decisions [illegible] for instance, a reduction in fo[illegible] subsidies is not easy. A[illegible] as a whole the Governme[illegible] has been reluctant to act. Ou[illegible] side the monetary field t[illegible] measures taken have not be[illegible] very sophisticated (like t[illegible] blocking of bills to contracto[illegible] by Ministries, most of whi[illegible] were paid off at the end [illegible] February). The most determin[illegible] effort has been devoted towar[illegible] curbing prices, and in July [illegible] rigorous system of price contr[illegible] was enforced. This cut the ri[illegible] in the consumer price index [illegible] around 10 per cent. for the yea[illegible] But rents were untouched an[illegible] rents account for between [illegible] and 60 per cent. of salary/wage[illegible] The rent rises reflect the pre[illegible] sure on housing and continue[illegible] land speculation.

Until these two issues a[illegible] tackled it will be very difficu[illegible] to control wages. Wages ro[illegible] 35 to 45 per cent. last year an[illegible] this year awards have been [illegible] the order of 30 per cent. Th[illegible] is in defiance of a Governme[illegible] imposed limit of 1 per ce[illegible] and Rs.20 per day (28 cent[illegible] No employer believes he ca[illegible] realistically enforce a wag[illegible] freeze. Industrial wages are [illegible] high now that already some i[illegible] dustrialists believe it will so[illegible] be too late for Iranian labo[illegible] to be competitive against pote[illegible] tial export rivals—and then Ira[illegible] will be left with cheap energ[illegible] as its sole advantage.

This problem of productivi[illegible] and wage costs touches t[illegible] heart of Iran's ambitions. T[illegible] economic ambition is to tra[illegible] form Iran within a compar[illegible] tively short space of time—[illegible] years or so—into an industria[illegible] ised society, a society which ha[illegible] broken away from dependen[illegible] upon oil revenues, substitutin[illegible] them with a strong manufactu[illegible] ing base capable of sustaine[illegible] growth and sizeable expo[illegible] earnings. Iran is acquiring [illegible] impressive industrial base, bu[illegible] it is highly questionable whe[illegible] competitive non-oil exports w[illegible] come from except the capit[illegible] intensive sectors of steel a[illegible] petrochemicals.

Robert Graha[illegible]

The cooling of the oil price fever has left Iran with balance of payments prospects markedly different from earlier estimates. International expenditures may have to be drastically redrawn.

External finance

THE OUTSTANDING feature of Iran's external finances in the past year has been a sharp levelling off in foreign receipts and a continuing rise in imports and services. Almost certainly this is a trend which will continue this year and perhaps for the foreseeable future if one assumes that the trebling of oil revenues in 1973 was historic. Further pressure will thus be put on Iran's balance of payments which last year swung round from very substantial surplus to modest deficit. In turn this means that Iran will be increasingly in the international market both for balance of payments reasons and to support the continued high level of planned growth.

These conclusions may sound *obvious enough now.* Yet 12 months ago the picture was very different and it has altered dramatically even in the last six months. For instance, the IMF was told in early November that Iran anticipated total military and non-military imports of $17bn. and an overall deficit of $1.7bn. As it is, preliminary figures worked out by the Central Bank for the year ended March 21, indicate a deficit of $670m. and imports down to $15.3bn.

The reason for this remarkable turnround in forecasting is largely attributable to reduced oil sales and the consequent slowdown in economic activity. In payments terms oil revenues produced only $19.1bn. *or a 2.2 per cent.* growth over the previous year. In fact the growth was nearer to zero as this figure includes 13 months payments by the Consortium. Total foreign receipts grew only 2.8 per cent., to $21.73bn. Exports of gas rose from $130m. to $200m. but exports of goods remained virtually static around $600m., declining marginally.

Despite imports being nearly $2bn. below forecast levels, the overall deficit has been influenced by heavy expenditure on services and sizeable outflow of capital, plus Iran's heavy foreign investment and assistance commitments. The services item on current account rose from $2.2bn. to *over $3.1bn. on preliminary* calculations. A substantial item was demurrage of around $1bn. Officially the outflow of capital has been just over $800bn. but unofficially it could be double this figure and has been a destabilising factor in the balance of payments. Overall Iran is now reckoned to have reduced its foreign exchange reserves by $1.5bn. over the past year to $5.3bn. This compares to $5.2bn. being added to reserves in the 12 months upto the end of March, 1975, or put another way the country's overall payments has swung from a surplus of $5.2bn. to a deficit of $670m.

Volatile

Such a highly volatile movement seems unlikely to take place in the coming year. Oil revenues are planned to increase 8 per cent. to $20.7bn. This is a conservative estimate but also a realistic one given the freeze in prices until the end of 1976 and the problems in selling heavy crude. Other receipts are unlikely to increase much more than 4 per cent., if that, since exports will continue static so long as internal demand rises and absorbs the increased productive capacity. Against this imports are likely to rise by as much as 45 per cent. (partly due to accelerated port clearance). This could give an import bill of around $18bn. On the assumption that services will increase, that debt repayment will be around $800m. ($730m. in 1975-76) and foreign assistance and investment will continue, though cut to $1.5bn., the overall deficit can only be balanced by borrowing.

Banking sources now estimate that the borrowing requirements for the public sector will be $2bn., with as much as a further $1bn. being taken up by the private sector. The budget envisaged public borrowing abroad of $1.2bn. This requirement compares with $315m. borrowed on the Euromarkets in the calendar year 1975 So far this year $240m. has been raised abroad and discussions are under way for a further $1bn.

Loans

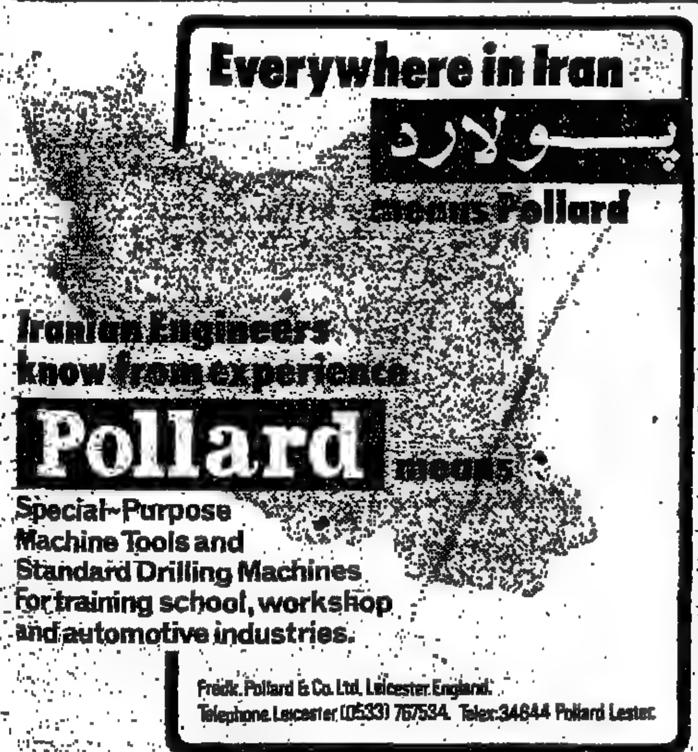
Much will depend upon the Iranian authorities and on how they wish to raise the funds. *Previously the Central Bank* rejected the idea of loans in the name of Iran, but now it is moving towards doing this, for only in this way can finance in the order of $2bn. be raised at acceptable rates. All foreign loan requests are now processed and vetted by a special three-man committee. Apart from a major petrochemicals venture with the Japanese, the main finance which should be negotiated this year is that for IGAT II, part of the project under which the Soviet Union will receive supplies of Iranian gas and sell its own to Europe. Total external financing for the project is in the order of $2.2bn.

Commercial banks have been discouraged since last July from seeking funds abroad. Then the commercial banks were obliged to place a 30 per cent. deposit on foreign borrowing with the Central Bank. This effectively discouraged short term borrowing. There is still no move, however, to curb or control capital outflows. Exchange regulations were lifted at the end of 1974.

Against the background of this clear need to borrow abroad attention has focused on the level at which Iran can sustain its external assistance. Last year Iran disbursed $2.6bn. *in foreign* investments and assistance. No breakdown is available and the precise direction of these funds is not known. But outstanding commitments believed to be some $12bn. may not be fully met, or fulfilled under existing timetables. As it is, the second tranche of Iran's $1.2bn. loan to Britain has been delayed and split into two parts of $200m. —the first to be paid at the end of the month. Iran also found itself in the position last month of withdrawing $200m. placed on deposit with the Banque de France (part of a three-stage agreement to place $1bn., with a third and final tranche of $300m. due to be deposited in October).

On the aid side, assistance has been cut back drastically to only those cases where considered really essential—for instance ongoing aid to India, Pakistan and Egypt and some lesser commitment to smaller developing countries. This year there is some latitude. Disbursements of foreign aid assistance and investments last year was 15 per cent. less than anticipated. But with the high foreign exchange cost of financing economic development, the aid programme is likely to play a much less *prominent* part. Another measure to trim external expenditure is a switch away from cash payments, and the expensive habit of prepayments, to credit for imports. Officials estimate this could result in substantial foreign exchange savings.

R.G.



The business community has reacted very cautiously to the Government's plan for companies to divest some of their equity and sell it to employees and the public.

Share stakes

THE GOVERNMENT'S decision to press ahead last July with a scheme for major private manufacturing companies to divest 49 per cent. of their equity, distributing it among employees and the public, has proved highly controversial among the business community, whether local or foreign.

Such a radical step was bound to be controversial, especially in a country where business has operated subject to few controls and has enjoyed high profitability. But the reaction of the business community has been even more negative than anticipated. Few of the fears aroused by the scheme's announcement have yet dissipitated, and uncertainty is being fuelled by the general fuzziness that still surrounds details of its application. In short the business community does not like the scheme and is doing its best to navigate round it, or argue with the Government to rethink certain provisions.

Initially 320 companies have been earmarked by the Government in the private sector. By March 1078. If the scheme's schedule is observed, they will all have divested themselves of 49 per cent. of their equity. A start was made last September, with 11 companies and by now nearly all of the 106 largest companies, selected to be in the first batch, have begun the scheme. The remaining 214 companies have yet to be named.

The 106 were selected on the basis of fulfilling one or all of the following criteria: minimum fixed assets of Ri.200m. ($3m.) minimum turnover of Ri.250m. or minimum registered capital of Ri.100m. These criteria are liable to be revised in the future but at present they amply cover those manufacturing concerns both large enough and sophisticated enough to cope with the scheme. All companies with less than five years' operations are excluded.

Only 35 per cent. of the first batch of companies were previously listed on the stock exchange and it has taken time both to value the shares for a public listing and to go through the necessary legal mechanisms for going public. Share values have been evaluated by a Government selected board, the Council for the Expansion of Public Ownership.

The Council in drawing up principles made some interesting assumptions about Iranian industry. For instance it assumed that profitability should average 15 per cent. over a three year period by according par value to a company that showed average profits of 15 per cent. per year over the three preceding years. Generally companies have been assessed above par. Some companies have complained about evaluation but this is inevitable.

The main impression is that the Council has been generous in its assessment. Just taking one example at random—Plasco Kar, a company involved in chemicals, leather and skin industries. It was not previously listed. It has an average three year profit of Ri.62m. and a registered capital of Ri.240m. Par value shares of Ri.1,000 each were listed at 1,541.

Because of the complexity of the purely mechanical aspects of the scheme, and, one suspects, to test it, the obligation to divest 49 per cent. is not being done in one step. Initially the 106 companies have been asked to divest only 20 per cent. This 20 per cent. is offered first to employees of more than 3 years' service, then the balance is taken up by the public. Share purchase is assisted by a special institution, attached to the Ministry of Finance, which has an initial Ri.1bn. fund.

Acquires

It acquires the shares on behalf of the employees, paying the company in the form of bonds. These have two, three and five year maturities with rates of 9 per cent., 9.5 per cent. and 10 per cent. respectively. One third of the total bond payments must be two year maturities. Employees can only dispose of their shares when the loan—10 years at 4 per cent. with an initial Ri.40,000 ceiling—is repaid. The bonds however are tradeable.

Employees can of course purchase shares with their own finance, the limit being Ri.500,000 worth. However, the general assumption seems to be that employees will, if they wish to purchase shares, only be able to cope with a loan purchase. The loans also seem to be based upon the assumption that dividend earnings will of themselves repay the employees' loans, a generous concept if it works out.

Shares which are not taken up by employees are then offered to the public. But in order to stimulate investment activity a national mutual fund, the National Investment Company of Iran (NICI) has been established with a sizeable Ri.10bn. ($150m.) capital. Thirty-five per cent. of NICI's shares are fully paid up by the founders—IMDBI, Bank Melli, Bimeh Iran, Bimeh Markazi (two insurance companies), the Agricultural Development Bank and the Central Bank. NICI will buy shares either for gradual sale or to form part of its own portfolio. NICI has the aim of holding a maximum 6 per cent. stake in any one company.

Foreign companies with shareholdings have had their equity restricted to fixed ceilings depending upon the sector. Food and textiles will have a ceiling of 15 per cent.; building materials, metal products 20 per cent.; chemicals, pharmaceuticals, transport equipment, agro industry and electrical machinery 25 per cent.; in cases of high technology like electronics or petrochemicals up to 35 per cent.

The scheme has been promoted for a wide mixture of political, economic and social reasons. On the political and social level it is intended to provide an incentive to employees to feel a greater stake not only in specific manufacturing operations but in the broader industrial development of the country. There also is a clear attempt to prevent the accelerating gap of wealth between the factory owners and the workers.

Economically the share distribution scheme is designed to satisfy a number of objectives. The most important of these are the promotion of a capital market with the Tehran Stock Exchange becoming a significant instrument for providing capital to industry, the promotion of better management and more honest book-keeping, and to increase capitalisation of industrial enterprises which at a time of rapid expansion are mostly under capitalised.

It is still too early to assess whether these varying objectives are going to be achieved. First it is important to stress that the seemingly rigid guidelines are almost certainly flexible. For instance on the question of foreign equity there were no guidelines announced in July but when foreign businessmen expressed concern at the vagueness of the declaration they were eventually given some clarification in September. Though not yet put to the test, the message seems to have travelled around that exceptions can be made.

For instance, Massey Ferguson has just initiated a joint venture tractor plant, holding 40 per cent. of the equity. Will it keep it or divest?—nobody knows. What is not yet clear also is a situation whereby an existing foreign shareholding falls within acceptable limits. Does the foreign partner, say, keep his 14 per cent. stake in a textiles factory and the Iranian private partner have to release proportionately more?

The Iranian companies make no secret of their dislike of the move. They know it means greater public scrutiny on such items as taxes and loans to directors. They also fear that this is in effect a scarcely concealed form of Government intervention in industry and the free market system the Shah is trying to promote. They argue that the employees are not very interested in the shares, except as a free handout, and the share taken up by them will be very small, thus leaving the way open for Government purchase.

Foreign companies with equity stakes have reacted to it more or less in the same manner, although they have shown greater concern for control over management. But guarantees have been given that management contracts can be retained. Yet the majority of foreign concerns appear to have accepted, albeit unwillingly, that this is the price for operating in the Iranian market. American companies have shown the strongest opposition and two have sold out — Gould Electric and B. F. Goodrich, the latter having had 58 per cent. in a local operation. Perhaps it would be unfair to attribute the scheme as being solely responsible for this selling out but it was a powerful contributory cause.

The extent to which employees will purchase shares is enigmatic. In January when 64 companies had sold 20 per cent. of their stock, it was revealed that Ri.600m. worth of shares had been bought by employees. Of this Ri.555m. had been purchased on their behalf by the state finance institution run by the Council for the Expansion of Industrial Ownership. By March NICI had acquired 6 per cent. of 42 companies. But it is not yet known how much of the initial 20 per cent. of the 106 companies has been purchased. Neither NICI's capital and that of the special institution to buy on behalf of the employees permit limitless buying, particularly as the shares of the companies have been valued high and are sometimes of Ri.10,000 par value.

Impact

One unforeseen consequence has been the feeble impact the scheme has had upon the Tehran Stock Exchange. Discounting the "one off" deals when the new shares are sold, the volume of transactions in the year ended March 21 was 6,221 against 6,506. Added to this there has been virtually no trading in the shares of the industrial companies affected. This is because owners and speculators believe that the valuation of the first block of shares may differ from that accorded to the subsequent 29 per cent. Nor at this stage has it been announced whether this 29 per cent. will be sold in one block or two—20 per cent. and 9 per cent. with a different price for the final tranche.

In fact the chief effect on the stock market has been to focus more attention on bank shares—which are not subject to the 49 per cent. regulation and are generally considered the most attractive buy. Brokers also believe that, the present scheme apart, industrial shares are under pressure due to rising wage costs, and profit sharing schemes encouraged by the Ministry of Labour. Nor in the short term does distribution of shares among employees make them more committed to the company they work for. B. F. Goodrich one of the 106 companies, was recently closed for a three-week strike.

But these are early days and the scheme will take time to evolve. It is likely to move slower than anticipated but there is no indication that its broad principles will be changed, and share distubution has now been enshrined as the 13th principal of the Shah-People Revolution.

R.G.

The ports

The ports structure is inadequate to handle the heavy volume of freight entering Iran. But efforts have been made to streamline procedures while plans for new facilities are *being pushed* ahead. By 1978 port capacity could be 60m. tons.

ONE HUNDRED and forty one ships lying at anchor outside Iranian ports in the Gulf; a total of 1.2m. tons of cargo—ranging from truck heads to Australian wool and fruit—waiting to be cleared from the country's seven major ports; and, just inside the Turkish border, a backup of trucks stretching some 5 km.

This was the scene at Iran's major points of entry earlier this month as anxious officials continued to try to unscramble the big pile-ups and backlogs that less than nine months ago were threatening to bring the country's ambitious import programme to a virtual standstill.

Almost unbelievably, the situation this summer—although still critical—is a vast improvement. Only last November, for example, the number of ships waiting outside Iran's southern ports was close on 400, and surcharge fees for the year were expected to cost the country some $1.2bn.

True, a charter might still have to wait six months for berthing at Khorramshahr on the Shatt-al-Arab waterway, where some 44 per cent. of all the country's seaborne non-oil trade is handled. But, thanks to a priorities system set up last January, a scheduled line might get into port within two weeks. One spin-off has been a series of decisions by shipping conferences to scrap surcharge fees at many of the major southern ports.

In fact, the headaches at Iranian ports these days are prompted less by irate captains than by the sheer magnitude of, first, processing the huge volume of freight through a still largely inadequate port structure, and, second, persuading the country's frequently credit-short importers to come and collect their consignments.

Khorramshahr—where incidentally surcharge fees are still costing between 35-40 per cent. —is a good case in point. Thanks largely to a combination of private enterprise and Government incentive, daily offloadings have recently risen from a daily 8,000 to 15,000 tons, but earlier this month more than 920,000 tons of cargo still remained to be cleared from the port area.

Iran's seven major ports, *which are reckoned to handle* nearly 90 per cent. of all imports, had a nominal capacity of only 3.5m. tons a year at the beginning of the Fifth Plan in 1973. Original plans called for an expansion to 9.7m. tons, *but this figure was drastically* revised to 28m. tons following the massive spending spree that got under way when Iran's oil income was quadrupled two years ago. With round-the-clock shifts, total capacity could theoretically reach 60m. tons by 1978.

The Government only really got down to tackling the ports problem with any degree of seriousness last November when the Shah appointed a director of the National Shipping Company, Mr. Reza Shayegan, as transport "Czar." The need for urgency was obvious: important national projects were—and still are—being held up because construction material and machinery simply couldn't make it through the ports. Even to-day port congestion is considered a major bottleneck in the country's economy.

Solutions

In addition to promptly putting the ports and clearing houses on 24-hour working, Mr. Shayegan—who has since quit—worked on a series of longer-term solutions. These included the construction of a 1m. square metre warehouse at Khorramshahr, road haulage improvements, the creation of new trucking companies and, again at Khorramshahr, the building of a IR20m. railway from the jetties to the warehousing area.

Two important factors have recently made the task of Port and Shipping Organisation (PSO) officials easier. The international shipping companies themselves are growing more circumspect in committing their vessels to this part of the world, and there is an apparent downturn in the volume of goods coming through the ports.

Port clearance, nevertheless, remains severe. Red tape is gradually being pared down, but time taken before Customs clearance still tends to be lengthy. It was not until *February, 1975, for example,* that the number of official stamps and signatures was cut from 27 to nine. Storage costs are low—free for the first 15 days—and many importers use valuable transit sheds for long-*term warehousing.*

More important, perhaps, is the attitude of the importers themselves, many of whom are still badly short of credit. Almost paradoxically, Iran's anti-profiteering campaign—*which last year saw the Govern*ment fix prices based on invoices plus a small profit margin —was to add considerably to port congestion. Importers who had made small fortunes in the past by under-invoicing were soon to prove reluctant in coming forward and declaring their goods, despite a 15-day waiver announced by the Government last autumn. More recent plans call for a central clearing house to streamline Government imports.

Coupled with the ports' clearance drive are improved warehousing and nationwide distribution plans. Despite recent improvements, Iran's trucking industry remains in poor shape: maintenance and adequate depots systems are virtually unheard of and it is reckoned that of the regular 3,000 or so trucks on the Tehran-Khorramshahr run at least 80 per cent. return empty. Drivers are still in extremely short supply.

In a bid chiefly aimed at relieving port congestion, maximum truck loads were recently raised from 20 to 25 tons and drivers recruited from as far away as the Philippines and Portugal. In what has long appeared to have been a major blunder the Government also imported some 4,000 tractors (or truck heads) and 12,000 articulated trailers. Not only was Iran acutely short of drivers but, because of possible theft, the country's trucking industry is highly suspicious of articulated vehicles. As a result, most of the imports have been left to rust in fields, desert and open warehousing around the ports; the only ones to be seen on the road to-day have been permanently hitched together.

Given these problems at the ports, many importers have tended increasingly to look to Iran's overland gateway through the Soviet Union and Turkey. But queues *of* 5 km. are regularly reported outside Bazargan on the Turkish border, and the rail-freighted cargo through *Julfa* on Iran's border with the Soviet Union frequently fares little better.

But neither the USSR nor Turkey is particularly happy with this sudden increase of traffic. Charging that Iran-bound trucks were damaging Turkish roads, Ankara decided in January drastically to raise *transit fees* and introduce hefty fuel taxes. The Iranians responded by threatening to withhold a $1.2bn. credit line (largely intended to fix up Turkish roads and improve customs facilities), and indeed the credit *facility seems to have* been forgotten.

Determined efforts are being made, meanwhile, to increase the flow of freight once inside the borders. Chief among the current plans is the electrification of the 146 km. Tabriz-Julfa line—scheduled to be completed within the next two years by Techno-Export from the USSR —and the expansion of the Julfa shunting yard. A British company is currently working on a design contract for the electrification and double tracking of the Tehran-Tabriz line. Similarly ambitious plans exist for the south of Iran which include linking Bandar Abbas *to the national railroad* network and making all ports more generally accessible to the rest of the country.

But the lion's share of this year's IR80.3bn transport and communications budget goes, of course, to ports. With an eye to meeting the 1978 deadline the Government *has* allocated 21.4 per cent. of the budget or a total IR17.2bn. to a major port expansion plan.

If all goes according to schedule, Bandar Shahpour will soon pre-empt Khorramshahr as Iran's major port. Plans for Bandar Shahpour currently include the addition of 28 new jetties to the existing six and the dredging of *Khor Moussa* approach, which will allow the safe passage of vessels in the 60,000 tons range. By comparison, expansion plans for Khorramshahr—where a team of South Koreans is currently putting the finishing touches to three special jetties —are considerably less. At Bandar Abbas, meanwhile, an Italian consortium of contractors has recently been brought in to build a completely new port some 20 km up the coast. When completed in 1980, the new port will boast 22 jetties and a nominal port capacity of 16m. tons.

Although the congestion at Iran ports can be expected to lessen gradually, few shipping agents expect any real relief until 1979 when work at Bandar Shahpour is scheduled to be finished.

Liz Thurgood

IRAN VI

Once almost self-sufficient in food production, Iran is now a massive importer. Huge amounts of money have been earmarked for agricultural development; including an irrigation programme. But problems remain with an inadequate distribution network, and many farms are still too small to be efficient.

Agriculture

Collecting tomatoes on a co-operative farm.

DESPITE BEING a "top priority" sector and with a wealth of funds at its disposal, agriculture in Iran continues to remain sorely troubled.

The problem is very basic: because of largely antiquated methods and a good deal of insecurity prompted, surprisingly, by a Government policy that is *over-* rather than *under-*ambitious, the Iranian farmer simply cannot produce enough food to satisfy the increasingly huge appetite of his countrymen for agricultural produce.

In fact, from a position of virtual agricultural self-sufficiency in the late 1960s, Iran is now one of the larger importers in the world. Food and agriculture produce imports for the last Persian year (March 1975-76) are put at $1.4bn. and may well hit the $2bn. mark during this current year. The experts warn: "Unless Iran radically alters its approach to agriculture, imports could reach $4bn. by the mid-1980s."

Although there is still plenty of latent potential to be tapped, Iran's agricultural resource base is strictly limited. Rainfall is a scant 300-350 mm. a year and less than one-third of the country's total 1.6m. square kilometre area is cultivatable. Plagued alternately, it seems, by drought and flood, Iran also has to contend with severe winter frost, which makes double cropping virtually impossible.

Confronted with such a challenge—and given the Government's determination for development at all cost—total spending (both public and private) on agriculture during the Fifth Plan (1973-78) now stands at some $8bn. Of this, $1bn. has been earmarked for rural development and another $2.4bn. for irrigation work.

(This year's budget has actually been cut back 10 per cent. to IR120.9bn. Officials say such economies are less the result of a general Government cost-paring programme than simply that agriculture projects use less money at the beginning of a five-year plan than at its end.)

One result of such heavy spending — which includes generous loan, credit and incentive programmes — is a growth rate in the sector last year officially reckoned at nearly 10 per cent. But such Agriculture Ministry figures are regarded as highly suspect, and many experts insist that 2.5 to 4 per cent. is nearer the truth.

Whatever the validity of these figures, it is undeniable that for the last two years the country has experienced shortages — ranging from sporadic to severe — in nearly every major farm commodity. Despite the fact that agriculture employs fully 39 per cent. of the population (and contributes less than 16 per cent. towards the GDP), officials blame Iran's increasing dependence on food from abroad on a rampant consumer demand that is pushing ahead at an annual rate of 12.5 per cent.

Worsen

Indeed, the import picture may worsen. Despite the Government's professed aim of relative self-sufficiency in the agriculture sector by the mid-1980s, several major studies have recently concluded that food imports are likely to increase rapidly over the next decade no matter what steps are taken to improve Iranian agriculture production.

The Government's major problem, it seems, is haste: the country's planners are moving too fast for the majority of the 3m.-plus farmers, who are largely illiterate. Many excellent programmes have failed in the past simply because the Agriculture Ministry lacks the qualified personnel to explain new machines, for example, or to ensure that the "new and improved" seed is actually delivered in time for planting. As a result some "impact programmes" have had virtually no impact at all.

Another case in point is the input subsidies and minimum price support programmes. In principle relatively sophisticated and in some cases certainly generous, the policy is based more often than not on poor data, which in turn leads to poor food import planning and seasonal shortages.

More pressing in the long-term perhaps is the current lack of security felt on many a farm to-day. Only 15 years have passed since Land Reform shook the nation to its agricultural heart, but again there is talk of another revolution: land consolidation.

The case for land consolidation is readily apparent. Iran's proportion of small farms is high and, by extension, extremely inefficient. Over four-fifths of the total farming community work holdings of less than 11 hectares; they occupy some 40 per cent. of the richest agricultural land but provide less than 20 per cent. of the marketed supplies. By comparison, the medium-sized farmers with holdings of between 11 and 100 hectares can provide almost three-quarters of marketed supplies from less than 50 per cent. of the country's cultivable land. (Farms of over 100 hectares are considerably less economic: although they occupy some 12 per cent. of the land their gross output is only some 6 per cent. of the total.)

Another prominent feature of Iranian farming to-day is fragmentation. Farms of ten hectares may be divided into as many separate plots, rendering much of the Agricultural Ministry plans for high technology quite useless.

Determined to overcome these very real problems, the Government last year enacted the "agriculture pole" Bill. Twenty poles have already been pinpointed, and current plans call for all farms which fall under the aegis of the new Act to be combined into units of not less than 20 hectares—the size considered economically viable for large-scale farming—and turned into what can only loosely be described as State-sponsored agribusiness.

Urgency

Success will depend largely on how the Government decides to interpret the new Act. Despite the urgency of land consolidation, experts are emphatic that the Government use persuasion, not aggression, in broaching the problem—particularly, as what has largely prompted to-day's nervousness down on the farm is word that those farmers who choose to turn down the Government's offer of membership in the new agribusiness ventures will find their land automatically bought up by the Agriculture Ministry and either rented out to the private sector or farmed by the Government itself.

Meanwhile, some of Iran's smaller farmers would, it seems, already have made up their minds. Although no figures are available, an obviously worrying number are reported to be leaving their land fallow this year for the good wages and security schemes offered by industry.

In a bid to reduce Iran's spiralling inflation, the Government last summer launched an anti-inflation campaign. Eleven months later the benefits of the campaign are still debatable.

The effect of the crackdown on the agriculture sector has been twofold. First, having largely driven to ground the ubiquitous middle-man or merchant, the Government has yet to effectively implement a comprehensive distribution plan. Although a large network of cold storage plants is currently being set up and plans are going ahead to expand the country's grain silo capacity to nearly 2m. tons by 1978, Iran's trucking fleet—although vastly improved—stands little chance of quickly handling these large quantities of food. Imports fare little better: port congestion remains severe, and only three months ago a 2,130-ton consignment of rotten bananas was tossed overboard.

Second, many farmers themselves consider the "zero inflation" target quite unfair. Quality has slipped noticeably in the fruit and vegetable market and, to cite but one example, several large poultry farms have closed in recent months, charging the Government with unrealistic prices.

The retailers remain unhappy. Shortages of anything from toilet paper to pulses are becoming commonplace, and bigger shortages—particularly in processed foods—are predicted for the months ahead. Many complain that the Government procurement agency—already badly humiliated earlier this year in an international food purchasing scandal—is often badly late in meeting orders, and few seem willing to reinvest their often drastically reduced profits.

Agribusiness was originally intended to solve many of these problems, but the huge farmlands (68,000 hectares) of Khuzestan in South-West Iran have passed a largely indifferent year. The agreements of two major foreign investors—Mitchell Shellcott and a consortium of American investors who, with their Iranian partners, made up Iran California—are reported to have reached a "critical" stage and may well be terminated some time this month. The Agriculture Development Bank of Iran (ADBI) has already taken over the Iranian management side. Only two years ago another of Khuzestan's pioneers, pistachio king Hashem Naraghi, abruptly pulled up stakes.

Although other agribusiness ventures in the country are reportedly faring better, the problems in Khuzestan could prove to be very much a psychological blow: given extensive publicity as "the bread basket of Iran," these joint venture projects have long been a Ministry favourite.

Chief among the problems in Khuzestan are apparently excessive high overheads and low production. Companies have also complained of management problems and an acute shortage of Government-promised water for lands put under the plough. The big Dez dam, for example, has a theoretical irrigation capacity of 100,000 hectares, but to-day it is still only covering 18,000 hectares.

Such setbacks are reportedly prompting the Government to take a new look at its agricultural programme, and already there has been a noticeable renewal of interest in the "middle farmer" (that is, with 11-100 hectares) in recent months. For example, of the loans dispersed by ADBI during the past Persian year, 83 per cent. were made up of less than RI20m. and directed largely at the middle-sized farmer. In addition, ADBI set up three regional development banks last year aimed among other things at mobilising local savings, making loan distributions easier and generally encouraging the small farmers.

In much the same vein, the Ministry of Co-operatives and Rural Affairs recently announced a RI209m. Rural Aid Fund which is open not to agribusiness but to members of farm corporations and farmers with less than 2 hectares.

Despite the difficulties with agribusiness, the Government appears determined to go ahead with the largely unpopular farm corporation programme. Currently numbering 85 and scheduled to top 140 by the e[nd] of the Fifth Plan, membersh[ip] of such an organisation involve[s] the farmer exchanging the ti[tle] deeds of his land for a share i[n] the Government-financed a[gri]business company. [The] economic viability of many su[ch] farm corporations is high[ly] questionable, and even Govern[-]ment officials have conced[ed] privately that few farmers a[re] happy working such a system.

Far more popular are the pr[o]duction co-operatives, which—albeit at Government instigatio[n] —are basically a getting together of like-minded farme[rs] who agree to pool the[ir] resources in the name of mo[re] mechanisation and higher cro[p] yields. Even Minister Mansou[r] Rouhani is reliably reported t[o] have been highly impressed wi[th] the efforts of private-secto[r] farming during an earlier tr[ip] to Moscow.

Meanwhile, no one can den[y] that the Government is workin[g] hard at setting up a co-ordinate[d] and comprehensive agricultur[al] policy. But, experts say, th[at] unless some basic footwork i[s] done at both institutional and farm level—to say nothing o[f] rejigging questionable prioritie[s] and cutting back on prestige projects — Iran's agricultur[e] sector could remain trouble[d] for many years to come.

L. T

Iran is the biggest importer in the Middle East and is also the U.K.'s largest market in the area. British firms are involved in a wide variety of projects, including motors and steel.

Trade with U.K.

A population fast aching 35m. and sub- ial oil revenues, Iran offers gest single import market Middle East. Demand imports is still strong the disappearance of the atmosphere of the past years. This year imports military and non-military are expected to be over It is perhaps not therefore that Iran Britain's most trading partner in the East—and also among countries.

high proportion of and defence-related the overall bill makes to assess trading accurately. As much as of all imports are and therefore do not published Iranian or for that matter of some of its trading ers. On the basis of a lation of figures from the and Commerce tries, plus the customs, supplies 8.5 per cent. of non-military market and 6.5 per cent. of the total market. This puts in fourth place behind U.S., West Germany and The latter accounts for 50 per cent. of total non-military imports and probably over 60 per cent. if military imports from the U.S. are included. In the last calendar year the U.S. replaced West Germany as the leading non-military supplier with a 20 per cent. share. One interesting important new trading partner to emerge is India. India is now in sixth place with a 3.4 per cent. share just behind France. *This is largely due to* sales of sugar and cement.

British exporters, meanwhile, can feel reasonably satisfied with their performance. For calendar year 1975, DTI statistics show that British exports *to Iran increased 77 per* cent. from £278m. to £494m. This figure includes military sales, which, with the sale of Rapier missiles, supplies of Chieftain tanks, naval equipment and electronic equipment, probably accounts for over one-third of the total. Under the heading "machinery and transport equipment" goods were sold equivalent to the entire British sales of the previous year. (Part of military sales are included under this title.) Other important items included chemicals (£36.2m.), iron and steel goods (£23.9m.), textiles and fibres (£28.5m.) and "commodities and transactions not classified according to kind" (£49.8m.).

An interesting development which will be reflected in future statistics is the entry of British companies into some major industrial contracts. The British Steel Corporation has won a £50m. contract to provide *engineering, project management* and technical assistance in the construction of a gas reduction steel plant at Isfahan. Foster Wheeler meanwhile has won a construction contract on another gas reduction steelworks at Ahwaz. Wimpey-Laing last year won an estimated £500m. contract to build and oversee equipment for an ordinance factory (mainly ammunition and some gun barrels) at Isfahan in conjunction with Millbank Technical Services.

Studies

There is also hope of British involvement in the substantial rail electrification schemes. British Rail's Transmark is now doing studies on the electrification of the Tabriz-Julfa rail link. On the general construction side British companies have made a strong penetration of the *market: Marples Ridgeway,* Costain, Wimpey, Laing and, more recently, Bovis are all in Iran. But this increasingly substantial presence still does not prevent the U.S., the West Germans and the Japanese of *having a much broader market* penetration.

In one expanding sector, the automotive industry, Britain is heavily involved. Chrysler U.K. supplies the CKD units for the assembly of Iran's popular four-door saloon, the Peykan. Within two years production could reach 200,000 units, which would be worth almost $150m. to U.K. exports. Elsewhere in the motor industry British Leyland has a 9 per cent. stake in a truck plant and a 26 per cent. stake in S.S. Leyland Diesel, producing diesel engines in Tabriz. It has no stake in a plant assembling Land Rovers but provides assistance and parts. On the agricultural side, Massey Ferguson has recently agreed on a 40 per cent. stake in a £50m. tractor venture producing 20,000 tractors a year.

British companies are also beginning to show an interest in high technology exports to Iran. At Tehran's first ever technology fair, British companies were the largest contingent. Many were small companies in Iran for the first time, and were encouraged by the response. Initial orders and follow-up enquiries are likely to lead to business of around £2.5m. In addition to a presence at the fair, there have been several missions including those from the oil equipment industry and the ceramics industry—both of which found an encouraging response. Of course, British goods do now have a strongly competitive edge. In a year the sterling-rial rate has moved from 144 rials to the pound to 123, while the rial has moved upwards from 67.75 to 70.75 to the dollar.

But it would be wrong to look at everything through rose-tinted spectacles. Although the export performance has been strong, the market is not an easy one to work in. As a simple supplier it is much easier than for those companies who have come in to set up joint ventures or work on a turnkey basis. Almost without exception those *companies with a physical* presence in Iran during the last year have experienced problems, some serious.

First there are those companies who initiated projects during the boom of two years *ago and then discovered that* the Government had less money to spend or wanted to change the scheme altogether. Such is the case with Costain, which had begun work on the civilian side of the new naval and air-base at Chah Bahar. Since January work has more or less come to a standstill and the whole project is being examined. This in turn has delayed talks on a joint venture with the large local construction company, Mahak. More serious in this category has been the fate of a group of British companies, headed by Cementation, bidding for a hospital contract. Cementation was accused of submitting an excessively high bid for the contract, and the Government refused to pay an advance payment equivalent to $2m.

The hospital project was conceived two years ago with three international consortia selected *to carry out a hospital* programme of building 6,000 beds. Each consortium was to build 2,000 beds on a turnkey basis. In the case of Cementation, estimates were proposed three times and three times rejected — *the nature of the project* changing each time so that finally instead of five hospitals with 2,000 beds there were three hospitals with the same number of beds. Cementation, which presented the highest estimates, *conceded that the cost was above* Iranian specifications but said this was the price if the Iranians wanted everything they had asked for. In fact it seemed a case of the Iranian client, the Ministry of Health, asking for the best that money could buy.

But finally the impracticability *of having three different groups* build hospitals to three different designs seems to have been realised, so the scheme was scrapped, with accusations *levelled against all three con-*sortia. Cementation, which denied the accusations, is now likely to pull out after trying vainly for two months to salvage the project.

Partners

There are also companies which have had difficulty in finding suitable joint venture partners. After 18 months negotiations GKN has finally dropped *its partner-to-be, the Teheran* Motor Company, in a proposed £20m. venture to produce clutches, propellor shafts and other motor components. The plant is vital for the expansion of Iran's motor industry but *GKN is now thinking of down-*grading its representation in the absence of a suitable partner.

Thirdly, companies have been experiencing some payments problems. They are reluctant to admit this in print but conversations with at least six companies reveal that bills of up to $2m. are outstanding to be paid by the Government (the promptest bills paid are by the military). *Llewellyn Davies* had serious thoughts about continuing their planning contract with the Tehran municipality after being unpaid for nearly six months (they were eventually paid). British Leyland has *begun work on a £15m. foundry* at Tabriz which it now looks as though the Government does not want. Some of the contractors have some pretty strong complaints.

On a more general level *there is a certain wariness* about the future of joint ventures because of the share distribution scheme and the limitations on foreign ownership. But British companies have been more sanguine than *American ones. Yet there is* a concern that this is the beginning of greater Government intervention. Equally, those involved in manufacturing ventures have expressed concern at the policy of price control which has been applied, often without any real understanding of production cost.

Taking all this into account, undoubtedly the mood of British businessmen has altered over the past year. Some will say that those companies with problems failed to study the market. Joint ventures need not be hurried into (Morris *Cranes, for instance, will enter* a venture with its Iranian partner, Akam, but has not formalised the arrangement at the moment, preferring it that way). This is all true—and without naming any specific company there are several examples of operations of projects being begun which any close study of the market would have indicated were impractical.

For this reason it would be wrong to take too negative a view of the problems of operating in the Iranian market. One company in particular has managed to navigate successfully so far in what is one of the most difficult areas—establishing a modern industry which threatens traditional Iranian industries. The London Brick company, in its first venture abroad, has taken a 20 per cent. stake in a £3.5m. plant designed to produce 500,000 bricks a day. Its partners include a bank and a number of local brick manufacturers. Iran is traditionally famous for its bricks and this seems in a sense almost like taking coals to Newcastle.

R.G.

Development of the steel industry is a central plank in Iran's economic planning. The industry will be based on the gas reduction of iron ore, thus exploiting the abundant supplies of cheap gas. But for the next few years dependence on imports of steel is likely to increase further.

Steel industry

DURING A year in which a number of industries have marked time and the award of contracts has been delayed, the steel industry has been an exception. In spite of some delays, Iran's plans to establish a major steel industry are beginning to take shape. Contracts have been awarded for a third and fourth steel mill, while the existing complex at Isfahan is expanding and the first unit of the new Ahwaz plant is due on stream in November. Clearly the steel industry has been singled out as a priority sector and the Government's financial problems will not affect its development.

Like most other development targets in Iran, the Government's intention of producing some 15m. tons within the next ten years has been termed *ambitious*. *Given current pro*duction of 1m. tons it does indeed seem a huge step forward, especially as the industry is in effect little over three years old. Yet if Iran is to begin to meet its internal needs then production targets must be of the order of 15m. tons by the mid-1980s.

Consumption

Underscoring the pace of development in the economy during the past two years, steel consumption rose from 2.2m. to 4.5m. tons by the end of March. In the coming year consumption could touch 5.5m. tons, even with the much slacker pace of the economy. This doubling of consumption in two years has been accompanied by a sharp shift in the pattern of consumption. Two years ago roughly 1.2m. tons consisted of long products, and 1m. tons flat products. Now the proportion is more or less 50-50. Experts reckon that consumption will rise at about 20 to 25 per cent. a year, so Iran will absorb over 30 per cent. of projected capacity and still be importing some special products by the mid-1980s. Imports of steel products are now costing the balance of payments some $1.5bn., thus the priority given to the development of a steel industry is understandable.

Iran is the first of the developing countries to opt for development of a steel industry based largely upon the technologically advanced method of gas reduction of iron ore. Despite the high technology involved, it seemed logical to exploit the abundant supplies of readily available and cheap gas. Thus, although the first major steel venture was the traditional Soviet-built Aryamehr works at Isfahan, all the three subsequent plants planned or under construction are based on gas reduction. So also is a further steel mill on the drawing board. Total investment in the three gas reduction plants, including related infrastructure, is likely to be over $5bn. in the next five years. Iran is only spending larger sums on nuclear power installation and the oil industry.

The gas reduction plants are all to be owned and controlled by the State National Iranian Steel Industries Company, NISIC. The Aryamehr complex at Isfahan is run by another State company, the National Iranian Steel Company (NISCO). The State involvement in the industry is limited to the production of steel, while the private sector has been encouraged to enter lower down the scale with such ventures as the pipe rolling mill at Ahwaz.

Testing

Work is already advanced on the gas reduction plant at Ahwaz, which will have a capacity of 2.5m. tons of sponge iron. The $650m. plant will, in fact, be a testing ground for the two known technologies of gas reduction plus a third as yet untried one. This is the Thyssen Purofer process. Thyssen has reportedly agreed to install the unit, incurring full charges in the event of its failure. However, engineers are fully confident that it will prove successful, and it is due to come on stream in November with a capacity of 300,000 tons. This will help feed the existing facilities of the private sector at Ahwaz. The two other units at Ahwaz will use the Midrex-Korf process (1.2m. tons of sponge iron) and the HYL process (1m. tons), the latter two coming on stream in 1977 and 1978 respectively.

Initially the Ahwaz complex will employ Swedish ore, but by 1980 it is hoped to switch to India for supplies. By this time NISIC hopes it will be able to begin activating the 20 year ore supply agreement with India, bringing 7.5m. tons a year from the Kudremukh mines.

The next most advanced project is that for a gas reduction plant at Isfahan to be built with project management and technical assistance from the British Steel Corporation. Agreement was finally reached last month on this $1bn. project. The project has gone through a certain amount of change, having been originally intended to produce flat products; but it was then switched to long products. Total capacity will be 1.2m. tons of liquid steel, with a completion date of 1980. The site has already been selected and tender for the work is expected shortly.

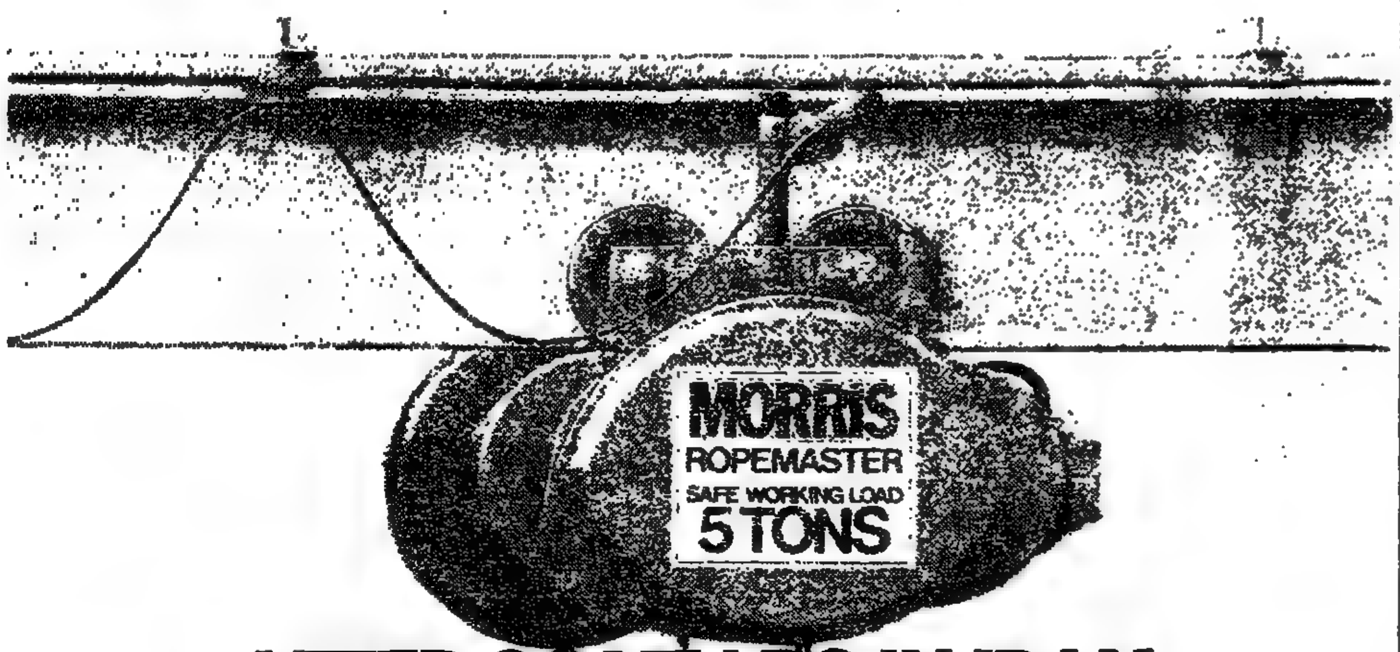
The third gas reduction plant, at Bandar Abbas, though the agreement was signed last year, has fallen further behind. This is a huge project costing $3bn. to include a plant with a 2.8m. liquid steel capacity, a new town, port infrastructure and a desalination plant. The contract has been awarded to Finsider, the steel operating company of Italy's State holding company IRI. Progress has been slow because the site which was selected turned out to have a geological fault and was in a zone of high seismicity. The Bandar Abbas plant is designed among other things to supply Iran's growing automotive industry. Apart from these projects—there has been little further progress in preliminary discussions begun over a year ago with a West German consortium composed of Korf, Klockner, Krupp, Slazgitter and Mannesmann for a 3m. ton plant either at Kangan (where there are huge gas fields) or Bushire.

Exports

It seems that for the time being NISIC has more than enough to cope with, and a fourth complex would only be designed for export. As it is there are formidable infrastructural problems to cope with. For instance, the iron ore deposits of Gol-e-Gahar have to be exploited (linked by a new rail road under construction) in order to supply Isfahan's needs and at least part of the requirements of Bandar Abbas. There are also problems of co-ordinating the supply of water and electricity (which is holding up the Thyssen unit at Ahwaz).

While the emphasis for new plant is firmly on gas reduction, the traditional blast furnaces of NISCO at Isfahan will also be expanded. Capacity is currently being boosted from 700,000 tons to 1.9m. tons—it is hoped that it will be ready by the end of the year. Then longer term there are agreed plans to raise capacity to 6m. tons. But the plant is still not without its teething problems. Commissioned in 1973 it experienced some difficulty in getting the right mix of coking coal, but now there are said to be some unresolved technical problems related to the East Ge[rman] made rolling mill.

All this means that be[tween] now and 1980 Iran's depe[ndence] upon steel imports must in[crease]. At this stage it [is not] realistic to forecast when [self-]sufficiency could be ach[ieved]. There is no pretension th[at] requirements for special [steels] will be met. A modest sta[rt has] been made to meet some [special] steel requirements by an a[gree]ment with Creusot-Loire [to] build a $200m. plant at A[hwaz]. Initial capacity will be [...] tons of forgings and ca[stings]. These will be destined [...] for the motor industry.



هكذا من الأصل

With the realisation that oil revenues will not last for ever, Iran has made strenuous efforts to develop an efficient industrial base. However, the enormous rise in domestic consumption has diminished hopes of export earnings, and high wage costs are also causing concern.

Industry

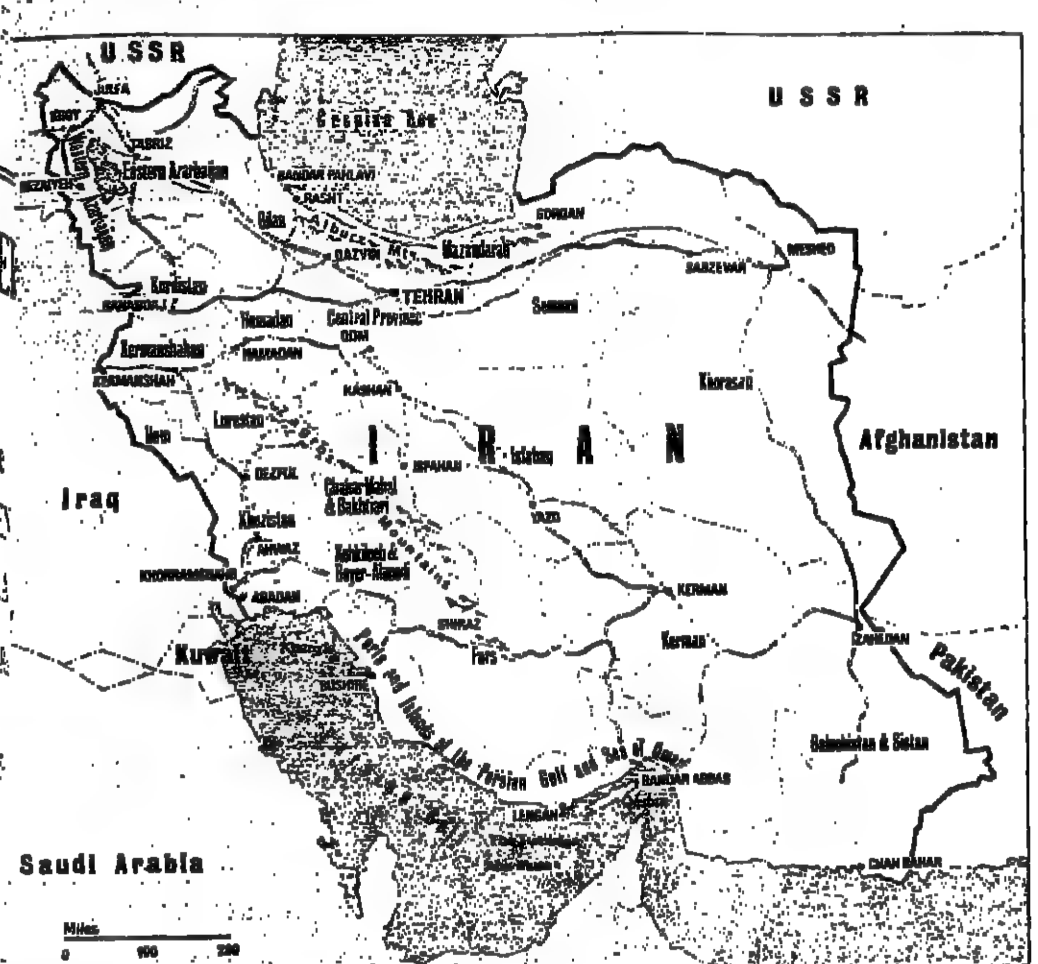
HE CENTRAL tenet of Iran's rive to modernise has been to cpand the industrial base as st as possible in order to enerate a solid manufacturing ipacity, which would eventu-ly produce the necessary ex-ort earnings when oil resources re depleted. In the past ten ears impressive strides have een made to provide a broad dustrial infrastructure—virtu-ly from scratch. But the puntry still has a very long ith to tread before achieving degree of industrial self-fficiency, let alone export capacity. Indeed it is becoming increasingly apparent that finan-cial constraints, coupled with the inevitable delays in project implementation, will prolong the process of import substi-tution. At the same time the tremendous surge in domestic consumption, greater than fore-seen in nearly every sector, means that production will be absorbed by local demand, leav-ing little if any significant ex-port capacity.

This is likely to be the case with the infant steel industry, less so with the burgeoning petro-chemicals industry, but cer-tainly so in the automotive sector, machine tools and con-struction materials, which are the main pillars of the industri-alisation programme. Last year industrial production rose by an average of 23 per cent., while consumption rose even higher. The demand/supply equation has become all too evident in the black market prices paid for items such as bricks and cement. Local manufacturers cannot produce fast enough to meet demand.

In the automotive industry 87,000 saloon units were pro-duced and sold (often with a black market mark up to avoid three to five months waiting lists), but another 65,000 odd units were imported. This year, even with a total increase in pro-duction to over 120,000 units, at least 35,000 units are expected to be imported.

Or take the case of steel con-sumption. In two years it has moved from 2.2m. tons to 4.5m. tons, and this year it is expected to increase some 22 per cent. to 5.5m. tons. At best domestic production will be doubled by 1977 to around 1.9m. tons. But then there will be no new capac-ity until the early 1980s, which will be absorbed immediately it comes on stream.

The Iran National assembly plant, which produces the Peykan saloon, a version of the Hillman Hunter.



Fertilisers

The same is true of certain aspects of petrochemicals. Local demand for fertilisers is increas-ing at around 25 per cent. a year even though the agricultural sec-tor is facing problems. On this basis the Plan target of achiev-ing a 1.7m. tons fertiliser capac-ity by 1977-78 would all be absorbed locally.

This question of the local market absorption has been one factor troubling the start on the giant $2bn. venture between the National Petrochemical Com-pany and a Japanese consortium to build a complex to produce the twin building blocks of the petrochemical industry, olefins and aromatics.

So the message is very much that Iranian industry's main con-cern over the next five to seven years is to keep pace or catch up with domestic demand. This is a change of emphasis even from two years back when both Iranians and prospective foreign partners were envisaging a sub-stantial proportion of production being earmarked for export. In-deed the Government at the time was anxious to make this an understood condition of invest-ment.

The major exception to this picture will be the copper mining industry. Work is currently well advanced on pre-paring for exploitation the Sar Chesmeh copper mines in the south near Kerman. Start up is due in mid-1978 with an annual output of 200,000 tons of blister copper. Local consumption of copper is currently running at 35,000 tons a year but is liable to double in five years time. Even so it is anticipated that export earnings, without any processing to achieve added value, could be $300m. a year. The importance of this project also lies in the base it will pro-vide for a whole series of ancillary industries like copper wiring and tubing.

Industry is gradually acquir-ing a greater share in the GDP, but if one excludes the oil industry it still only makes 15 per cent. Of this manufac-turing and mining are respon-sible for almost 10 per cent. and construction another 4 per cent. The key sectors being developed —both capital intensive—are steel and petrochemicals. Steel is treated in detail in a separate article. Total investment for steel over the next five years will be some $5bn. For petro-chemicals the figure will be at least $4bn. Generally speak-ing neither the public nor private sectors have opted for labour intensive industries. This stems from the belief that oil revenues will provide the neces-sary financial support, and, equally important, from the already high cost of labour.

The high cost of labour is going to be an increasingly important factor in determining both the nature of industrial investment and the competitive-ness of Iranian products. The surge in public and private spending in the past two to three years has given a tremen-dous inflationary twist to wage/salary costs, further pushed up by the scarcity of skilled and semi-skilled labour. Wage costs on average went up 35-45 per cent. last year. In the larger concerns a profit sharing bonus equivalent of up to three months wages was also paid out. This year wage increases so far agreed by such pace-setting companies as Iran National, the biggest automotive company, are between 25 and 30 per cent. higher.

Problem

Many industrialists fear that already these high wage costs, which show no sign of levelling off, will seriously affect the com-petitiveness of potential Iranian goods in export markets. In fact this is probably going to be the country's greatest single problem in the industrial sphere. Other costs like the import of finished and semi-finished items or raw materials for incorporation into local assembly are inevitable for any infant industrial structure; and Iran is no exception. Imported steel, for instance, for the motor industry has gone up 40 per cent. in three months.

It is also perhaps inevitable that initially industry should have a low productivity record, which, of course, makes the wage bills even more unaccept-able. For instance, it has been calculated that it takes 45 man hours to assemble the GM Chevrolet Iran, while in West Germany the same car is pro-duced in 25 man hours. Unless there is a relatively quick switch to all local manufacture and unless productivity is improved these become heavy burdens — which can only really be alleviated by high customs tariffs.

Yet over-protection of local industry can be counter pro-ductive, concealing or cushion-ing poor management and making exports more difficult. The Government does seems conscious of this, but equally it is hard to see the high pro-tective barriers round such industries as furniture making, domestic appliances and auto-mobiles coming down in the short term.

Arguably these factors mitigating against the establish-ment of a strong export orientated industrial base by the 1990s could be influenced by Iran's greatest single asset: availability of cheap energy. But the cost and productivity prob-lems which Iranian industry now faces mean that the advantage of cheap energy cannot be taken for granted.

R.G.

Budget restraints have had no effect on Iran's military expenditure. The build-up of a strong military force remains one of the Shah's top priorities. Current foreign policy is paying greater attention to improving relations with the Arab neighbours in the Gulf.

Defence/foreign policy

MILITARY expenditure in the current year March 1976/77 as published in the budget amounts to $8.1bn. (on an exchange rate of rials 69.40 to the dollar, the rate prevailing at the time of the budget). This accounts for 27 per cent. of the general budget and represents over 12 per cent. of GNP. Few countries not at war have such a high expenditure: and the concealed expenditure is almost certainly higher — perhaps by as much as 15 to 18 per cent.

The accompanying table shows the broad areas of disbursement. But as can be seen there is no reference to construction or military industries. A careful scrutiny of the budget reveals that under the heading of public affairs a sum of $1.7bn. has been allocated for government buildings and construction — a 66 per cent. increase over the previous year. Most of this is for fixed capital investment. It is believed that some 70 per cent. of this figure, or $1.2bn., covers military construction activity — new air and naval bases, expansion of army buildings plus housing and related infrastructure. Elsewhere in the budget there is $106m. allocated to the Military Industries Organisation for expansion of the electronics industries, ordnance and vehicle assembly.

Thus, the total military expenditure—if taken up—is nearer $9.5bn. for the coming year. In the past there has been no way of checking on whether the military budget has been overrun or underutilised. But the feeling is that it is fully utilised. Among the major items of ongoing expenditure are payments for Grumman F-14 Tomcats, Chieftain tanks (the first batch of 684 is almost delivered and a new contract for 1,200 with a larger 1200-hp engine is expected to follow), an advanced version of the Rapier missile, frigates from Britain and destroyers from the U.S. Current foreign exchange payments are in excess of $4bn.

DEFENCE EXPENDITURE
(under defence allocation in general budget—$m.)

	74/75	75/76	76/77
1. Supply, production renovation, principal inspection ...	3,500	5,192	4,834
2. Personnel ...	812	1,095	1,877
3. Maintenance operations ...	493	613	764
4. Special operations ...	653	636	658
5. Other ...	43	64	64
Total ...	5,501	7,600	8,197

For 1974-75 the exchange rate is $=67.50 rials; for the other two years $=69.40 rials.

It seems that Iran has by no means begun to level off its demand for military hardware. But it soon must become a question of how these requirements can be paid for, even if the defence sector receives a substantial slice of the general budget. The question of payment has been underlined by preliminary discussions with the U.S. on the idea of bartering oil against the supply of aircraft from General Dynamics (F-16), McDonnell Douglas/Northrop (F-18) and Boeing (AWACs—Airborne Warning and Control System). Over 300 aircraft are said to be involved. Those familiar with both the arms and oil industry are still very sceptical that such an arrangement would prove workable. On the other hand, most believe that one way or another Iran wants to acquire this costly hardware.

The country's cash problems have already set in motion a fairly vigorous cost accounting within the armed forces: and despite the priority accorded to the military some projects are being re-examined. Work has been slowed sharply on construction of the new naval and air base at Chah Bahar on the Indian Ocean and the project, which involves Costains and the U.S. group Browne and Roote, will almost certainly be trimmed. The Government also cancelled the order for two of the Spruance-class destroyers from the U.S. after the cost per vessel had escalated from $234m. to $338m. This cancellation means in the medium term that Iran's ambitions to police the Indian Ocean have been diminished. (There are also questions of the navy being able to absorb all the equipment ordered, as absorption has been slower than anticipated.)

Powerful

The Iranian argument for such a big military build-up is quite straightforward. As a country of nearly 35m. with aspirations to industrial power it needs powerful modern armed forces, both as a reflection of its own importance and as a means of safeguarding its own security. Policy is based upon the tous-azimuts theory—that is, that Iran must be ready to defend itself against all-comers, rather than one specific threat. But even on this basis, particularly discounting any credible Iranian defence against Soviet attack, Iran appears to many of its neighbours as possessing more weapons than it needs.

The Iranian answer to this is that its armed forces, with their sophisticated equipment, are intended to act as a deterrent, and they have to look as impressive as possible so long as the country lacks nuclear weapons. In addition, with so much equipment Iran can play a more important role both inside and outside the region (with of course the consent of the original supplier of the equipment). In this way already Iran has given hardware to Jordan, Pakistan and Morocco.

Iranian strategists are concerned with three main threats to the country's security: instability in the Gulf, particularly a radical change in Saudi Arabia; a break-up of Pakistan and a move by Afghanistan closer towards the Soviet Union. On a more general level Iran is anxious to prevent the destabilising factors of the Arab/Israeli conflict spreading and in the East to come to terms with Indian power and influence.

Much effort has been put into improving relations with Arab neighbours in the Gulf. A final agreement on all details of frontier demarcation and navigational rights has been reached with Iraq. There has been, in the past 12 months, an upsurge of contact with the Gulf States including a State visit by King Khaled, and a visit by the Prime Minister, Mr. Abbas Hoveida, to Bahrain (claimed by Iran till 1969). The Shah has pressed hard for acceptance of the idea of a Gulf security pact which would bind the States of the region to mutual self-help and establish a framework for regional co-operation on such matters as pollution, protection of shipping and offshore exploration.

Improved

Relations have improved enormously since 1971 when Iran occupied the Tumb Islands and Abu Musa. This is particularly so of relations on a bilateral level. But the barrier of distrust between Iranians and Arabs has not been broken. Iran has demonstrated that where it considers its vital interests at stake it will intervene. For instance, the Tumb Islands control the Hormuz Straits through which all Iranian crude must pass. Equally in Oman, Iran perceived a threat to its own security if the Marxist-orientated liberation movement in Dhofar were not checked. So it despatched special forces to fight there, admittedly at the request of Sultan Qaboos. Iran seems only vaguely aware of that sensitivity to its drive for hegemony.

The distrust is evident in the recriminations over the nomenclature of the "Gulf"—whether it should be called the "Persian Gulf" or the "Arabian Gulf" or both, or just the Gulf. In January Iran recalled its Gulf ambassadors in a fit of pique over the proposed naming of a regional news agency using the words "Arabian Gulf." There can be no joint communiques on a Gulf security policy until the two sides can agree on what to call the area. More profound has been the general suspicion of Iran's presence in Oman and the scarcely concealed desire by such States as Kuwait and Saudi Arabia to see an end to it. This was one of the principal reasons why the Saudis sought to arrange a reconciliation with the PDRY.

In a sense it has been easier to have good relations with Arab States which are not neighbours. Hence Iran has for the past three years enjoyed close ties with Egypt, managing at the same time to balance this out with a good understanding with Syria. This Arab rapprochement has been at the expense of Israel, though Iran has been careful so far not to approve the opening of a PLO office in Tehran.

In the realisation that there is at least in the short term, a limit to co-operation with Arab neighbours Iran has turned its attention much more towards the Indian sub-continent and towards Turkey. Iran has extricated itself from its partisan stance towards Pakistan and if anything is showing a much greater interest in India. The Shah reportedly did play an important mediatory role in bringing Pakistan and India closer together, and now Iran perceives the two countries as important long-term partners in economic co-operation. Iran still suspects Indian leanings towards Moscow but on the other hand has accepted Indian assurances of independence. (Equally the Indians suspect Iran a little in view of its very close ties with the U.S.)

Relations with Pakistan pose more of a problem. Iranian officials fear the possible consequences of a break-up of Pakistan, and are concerned at the continued inability of Pakistan to cope with the problem of Baluchi separatism. To stamp out Baluchi dissidence there has been cross-border military co-operation. Iran cannot afford to see a separate Baluchi State (Iran itself has 600,000 Baluchi-speaking nationals) in a strategic area giving access to the Indian Ocean.

Afghanistan has also been a continuing preoccupation. Since the Daoud coup remarkably little has been done to accelerate development in the past three years, and Pathan separatism has been allowed to fester. For this reason the Iranians are clearly pleased by the rapprochement between Pakistan and Afghanistan. But Iran is keeping a close watch on events along this border — and it now has more time to do so following the treaty agreement with Iraq in March 1975.

If one accepts that Iran is willing to safeguard its interests (either directly or indirectly) then it still remains militarily relatively unproven. Its experience is limited to support for the Kurdish rebellion against Iraq, covert help to the Pakistan Government in Baluchistan and the presence of up to 2,000 troops in Oman for over three years. The Omani operation has proved a valuable testing ground for Iran (and has been recognised as such with overquick rotation of units). The main defect of their forces in Dhofar has been lack of initiative among junior officers and NCOs, coupled with inexperience.

In this respect it is important to bear in mind a point which emerged at a conference held last year on the Gulf and the Indian Ocean in international politics. An Iranian speaker was taken to task for talking of Iran having "one of the most modern" navies in the world. The speaker was told "a modern ship does not a modern navy make. A lot of development, infrastructure, skill and training and experience are required to make any navy most modern in the world." [...] another way, just because [...] is acquiring mo[...] sophisticated equipment it [...] not mean to say its mili[...] force is effective. The effec[...]ness of its military machin[...] what now has to be develop[...] otherwise Iran's strength [...] paper might not have suffic[...] deterrent value to ensure [...] regional importance it wo[...] like to have.

R[...]

هكذا من الأجل

Nuclear energy

Iran has an ambitious nuclear programme to provide half of its energy needs by the 1990s. But second thoughts have emerged in the light of the international oil situation and the technical problems involved.

IRAN HAS been the first of the oil producers to think in terms of alternative sources of energy to preserve as long as possible this valuable resource. It has accordingly embarked upon a programme of power generation based upon the central assumption that between now and *the early 1990s rapid* installation of nuclear power stations will result in nuclear energy providing over 50 per cent. of the country's needs.

When the nuclear programme was first announced two years ago, it seemed as though oil prices would rise faster, and the drive to find alternative sources of energy by the consumers would be more determined and much quicker. The logic of a nuclear choice by Iran seemed, in this light, entirely understandable. Yet now, with the slacker trend in oil prices and the prospect of an increasingly sensitive interplay between supply and demand on prices, Iran's nuclear option is being seen in a different light. As one foreign scientist put it: "Iran's nuclear programme is more of a philosophical statement on the need to have an alternative source of energy. I don't think it has been based upon very practical considerations of the country's economic and physical capacity to absorb such a programme."

The outline nuclear programme envisages the installation of 23,000 MGW capacity by 1993/94. This would account for 52 per cent. of total generating capacity. By any standards this is a formidable target testing both technical and financial capacities to the full. However, in Iran there are particular problems to come to terms with apart from these two factors. This applies especially to site selection and construction.

The tremendous water needs of a nuclear plant inevitably mean that Iran's generally arid hinterland is unsuitable. The sole area inland with suitable water facilities is the Karun River which runs through the main oil centre of Ahwaz. This leaves the Caspian and Gulf coasts. The Caspian has been studied as a potential site for nuclear stations but rejected. One major inhibiting factor there has been the difficulty of getting heavy equipment to the site across the Alborz mountains. It would mean using the Volga Canal, only usable for four months in the summer (and heavily booked in advance). Strategically there are also arguments against employing this route which the Soviets could close. Thus the Iranian Atomic Energy Authority is left with sites along the Gulf coast. Here again this is not that simple—a majority of the potential sites are a long distance from any centre using power, and so transmission costs would be high. In addition the whole region's proneness to earthquakes further limits the number of sites. It also incidentally adds as much as 10 per cent. to construction costs due to the need to provide extra reinforcements against seismicity.

Capacity

The programme has begun with a project to build four power stations with an installed capacity of 4,200 MGW by 1984. One site for Iran No. 1 and Iran No. 2 has been cleared and prepared at Bushire on the Gulf; while the sites for the third and fourth have yet to be determined although it seems likely they will be on the Karun River. The first two plants, pressurised water reactors, with a capacity of 1,200 MGW each are being built on a turnkey basis by Kraftwerk Union. (About $250m. worth of work has been done already.) The third and fourth plants will be built by France's Framatome, again pressurised water reactors, each with a capacity of 900 MGW.

The programme has top priority despite current financial constraints. This year's budget has set aside $1bn. for nuclear power investment, over 60 per cent. of the entire power allocation. As it is the full costing of the first German reactors has yet to be finalised. These four plants are probably as much as the Atomic Energy Authority can cope with at the moment. Yet the Authority will have to construct as many as three reactors every two years if the target is going to be met of 23,000 MGW by 1993-94.

Despite the priority accorded, it already seems that there is some slippage. For instance, progress in negotiations with the U.S. for the supply of at least eight reactors is well behind schedule. Political objections apart, the Iranians have fallen foul of an unwillingness on the part of companies like Westinghouse to become involved in projects which comprise more than just construction of the plant but a whole range of related infrastructure. Indeed the Americans are reportedly quite happy to sit on the sidelines and learn from the mistakes made by the French and the Germans.

There are also serious *questions raised by foreign* observers on the viability of an energy policy centred so firmly on nuclear technology. It seems that few studies have really been made to evaluate the relative cost of producing nuclear energy against traditional sources of power from hydro-electricity, oil-fired power stations or gas turbines. Taking into account nuclear costs of construction and transmission and balancing these against utilisation of both oil and gas, several foreign experts believe that such a high dependence upon nuclear power is not to Iran's advantage. And this does not take account of Iran's ability to foot the bill. At current prices this will be something like $126bn. by 1993-94. This is an enormous sum.

Indeed it would seem to make much more sense to rely on gas with nuclear energy less prominent. Already Iran is making greater use of gas to replace oil (which currently accounts for 81 per cent. of energy needs). Iran is second only to the Soviet Union in its gas reserves. Recent discoveries could even give Iran the largest single gas reserves in the world. A power system based upon gas is much cheaper. Implicit recognition of a greater emphasis on gas can be seen in the decision to build a huge 1,760MGW complex on the Caspian using gas from Sarakhs in the north east. Originally the station, to be sited near Neka, was to have been a nuclear plant.

Gas will also be utilised as cheap energy for such energy-intense industries as steel manufacture by direct reduction, or aluminium smelting. Gas will also be required in very substantial quantities for reinjection into the oilfields to sustain productivity: while on the export side sizeable quantities will have to be made available. (The IGAT II project calls for the supply of 13.4bn. cubic metres a year of natural gas to the Soviet Union, then on to France, Austria and West Germany.) All this will require careful management and considerable infrastructure development. Parallel with this will be the need to establish a consistent policy on the pricing of gas for local consumption—and the extent to which the price is subsidised and matches the eventual unit cost of nuclear power.

As regards the use of oil, policy has not changed since 1973 and the quadrupling of the price. The Shah has repeatedly stressed his view that: "Oil is a precious material and should not be used for thermal purposes. This valuable material should be devoted to more profitable uses as feedstock to the chemical and petrochemical industries. In short the country has to make the most of this wasting asset." The development of the petrochemical industry and the switch away from oil-fired energy systems is entirely consistent with this view.

In any event, Iran has to move fast to satisfy rapidly growing energy demands. Energy consumption is expanding at just under 20 per cent. a year, and is outstripping capacity. This summer the capital, Tehran, is likely to be short of 300,000 kWH per day.

R.G.

PERCENTAGE SHARES OF PROJECTED GENERATING CAPACITY

Source	73/78	78/83	83/88	88/93
Nuclear	—	20.0	40.8	52·1
Hydroelectricity	32.8	22.3	27.9	22.8
Thermal	39.0	47.5	24.9	14.0
Gas Turbine	25.6	9.9	4.9	3.3
Diesel	2.4	—	—	—
Other	—	—	1.3	7.5
Total (MGW)	4,814	16,951	37,216	66,019

Copper mining

One of the world's richest copper deposits is in south east Iran. Eventually it will make the country self-sufficient, but there have been delays in bringing the mine to production.

LIKE SO many projects in Iran to-day, the big copper mine at Sar Cheshmeh in south-east Iran is basically just so many projection charts and calculated guesses. Infrastructure and on-site work continues to progress at a more or less even pace, but the full extent of the mine's wealth is still largely a matter for conjecture.

Proven deposits—based on 200 metre test drillings—are put at 430m. tons of ore. But with the early results of deeper test borings already in hand, Sar Cheshmeh could conceivably stretch to 850m. tons or more.

But whatever the outcome, there is no denying that Sar Cheshmeh is one of the richest mines of its kind in the world. The area of deposits is only 1.4 square kilometres, but the copper content averages an extremely high 1.12 per cent. In many of the world's major mines an ore content of between 0.3-0.5 per cent. is considered good.

The lifespan of Sar Cheshmeh is currently reckoned at anywhere up to 30 years. Much of course will depend on the 500m. tons or more of underlying ore, which is thought to have a copper content of 0.9 per cent.

In common with many areas of the Iranian economy, the Government-owned Sar Cheshmeh Copper Mining Company has suffered its share of setbacks during the past 12 months. Chief among these has been congestion at the southern ports, the unexpected rise of total investment to some $1bn. and on-site training programmes which have delayed construction. Instead of opening in early 1977, as originally forecast, Sar Cheshmeh is not likely to go into production until as late as winter 1977 or possibly even spring 1978.

Current plans call for 45m. tons of mineral to be mined during the first year. Because of the huge amount of waste covering the mountain, only one quarter will be made up of ore. Electric shovels have already started digging into the big mountain, and small quantities of ore body are now being stockpiled.

Waste

With the gradually decreasing ratio of waste to ore, mining operations of only 30m. tons are planned for the second year. At a much later date mining operations will again pick up as the ore grade declines.

The importance of Sar Cheshmeh can, perhaps, be best illustrated by Iran's growing appetite for copper. Consumption now stands at between 30,000 and 35,000 tons each year, *but within five years this figure* is expected to more than double to 85,000 tons or more. Per capita consumption of copper may well reach eight kg. by 1985.

In addition to saving the country valuable foreign exchange, Sar Cheshmeh will make Iran self-sufficient in copper and, initially at least, a net exporter. Revenues will, of course, depend largely on international copper prices. After a poor period over the past couple of years, copper is now picking up and last week reached nearly £900 per ton on the London Metal Exchange.

Iran's relatively late arrival into the world of copper mining has been given a large boost by new technology. Initially the production of blister copper at Sar Cheshmeh was put at an annual 145,000 tons. But, thanks to the development of PRC (Periodic Reversal Current), output is now expected to rise to 200,000 tons. A year after the blister plant goes on stream an electrolytic refining plant will come into operation that further refines the ore to almost 100 per cent. copper.

Sar Cheshmeh is proving rich in other metals as well as copper. Molybdenum, a metal used in special steels, has been found in large enough quantities to justify the setting up of a special recovery plant. Substantial quantities of both lime and silica—which play a significant role in the copper smelting process—have also been discovered in the vicinity.

From the very outset it was clear that Iran had to look abroad for technical know-how and expertise. Initially the big mine was in the hands of the private sector — Iranian Selection Trust, a 60-40 joint venture company that was made up of Selection Trust and Consolidated African Selection Trust, with Mr. Mahmoud Rezai and the Kerman Mining Company on the Iranian side. The deal fell through, however, when the British-based company proved unable to raise the necessary financing, and in 1972 Sar Cheshmeh was launched as a fully Iranian undertaking. Anaconda was later chosen to provide technical services, with Parsons-Jurdon coming in to build and handle the concentrator and smelter complex.

Accustomed to thinking big, the Sar Cheshmeh Copper Mining Company is now planning to make greater use of its growing cadres of engineers and technical experts. A bill expected to be shortly enacted by the Majlis will authorise the company to handle copper other than that belonging to its own mine.

The Bill was prompted by the *recent discovery of sizeable* deposits of copper outside Yazd in central Iran. If and when the two mines at Meduck and Darrehzereshk go into operation the copper will be sent south for refining at the Sar Cheshmeh complex, where capacity can apparently be increased with little effort. Other exploration and exploitation work could conceivably follow.

A name change is also planned: in July, the Sar Cheshmer Copper Mining Company is scheduled to be rechristened the National Copper Company of Iran.

L.T.

Iran's oil industry has had a difficult year, with lower demand leading to lower production levels. But demand for crude has now begun to pick up again, helped partly by price reductions. The National Iranian Oil Company has been busy reworking its international agreements.

Oil industry

THE PAST 12 months have not been easy ones for the Iranian oil industry. Production has fallen back sharply and demand for crude, especially the heavier variety, has been slack. Consequently liftings by the international companies who are members of the consortium have been down on the previous year, and the National Iranian Oil Company (NIOC) has experienced difficulty in its own direct sales. In addition the carefully arranged 1973 agreement between the consortium and NIOC, laying the basis for their future relationship, has proved unworkable in its present form, and the two sides have been trying for over six months to agree on a new formula.

But having said this, the prospects are now beginning to improve. Since March there has been an upswing in the demand for Iranian crude, part of the general upswing world-wide. And certainly Iran can look forward with reasonable hope of recovering the last year's 11 per cent. drop in production and 12 per cent. drop in exports.

Last year's production averaged out at 5.35m. b/d against 6.02m. b/d in 1974. This drop compares with the average fall for Middle East producers last year of 10.4 per cent. Though substantial, it was nevertheless a smaller drop than Saudi Arabia's 16.9 per cent. or Kuwait's 19 per cent. The average production figure, in fact, tells little of the real story. Demand was reasonably steady in the first part of the year, then in anticipation of the OPEC minister agreeing a price rise there was a sudden surge in September. Once the 10 per cent. price increase had been agreed demand fell away very sharply so that by December production was only averaging 4.8m. b/d (20 per cent. below the 1974 average).

The other aspect of this fall in demand was—and still is—the difficulty of finding buyers for Iranian heavy crude, which the market felt was overpriced after September, particularly in view of the slacker fuel oil needs among the industrialised countries. This problem has been at the heart of Iran's lower production and exports. Normally Iranian light crude (34 degrees API) comprises about 52 per cent. of sales and heavy (31 degrees API) 48 per cent. As the table shows this ratio has altered dramatically with the proportion of heavy crude sales dropping as low as 31 per cent.

Belatedly

Rather belatedly, and well after Saudi Arabia and Kuwait had adjusted downwards the price of their own heavy crudes, Iran followed suit in February. It knocked 9.5 cents off the price, bringing it down to $11.40 per barrel. This reluctance to lower the price stemmed in part from a belief that a price cut would not necessarily encourage a proportionately larger demand to compensate, and partly because of a desire to wait for a solution to the whole vexed question of "differentials" within OPEC — that is, the margins applied to differing varieties of crude on either side of the Arabian light marker crude which take account of quality, product yield and transport costs. One might also add that, politically, Iran, which has traditionally pressed for higher prices, has been reluctant to concede a downward adjustment due to market forces.

Even this price was considered unrealistic by oil industry sources and Iran followed Kuwait and Saudi Arabia's recent example after the Bali OPEC meeting by making a further cut in its heavy crude by 7 cents. Production is on the upswing again. The May figures stood at 5.6m. b/d against 4.9m. b/d in January. But the precise extent of demand will only begin to become apparent by around August, for the May figures were distorted by purchases in anticipation of a price rise in June (which of course did not occur).

Parallel with this upswing in production has been a steady rise this year in direct sales by NIOC. Last month NIOC direct sales reached the unprecedented high of 14 per cent. of the total. Thus NIOC direct sales now exceed the "stated quantity" laid down in the 1973 agreement. This year the "stated quantity" has been scheduled to average 600,000 b/d (compared to 450,000 b/d last year), but in fact last month's sales reached 766,000 b/d. However, in order to sell this quantity of crude, NIOC has been offering substantial discounts to clients. There are reports of credit terms being offered of up to 180 days. Although this may be exaggerated the discounts offered are nevertheless believed to be equivalent to between 8 cents and 12 cents per barrel. NIOC would almost certainly prefer to operate through a tidier system of differentials, which allowed a more flexible approach to market forces. It also has to be stressed that only 27 per cent. of NIOC's direct sales was heavy crude.

Liftings became a major issue with the Consortium companies earlier this year. The companies (legally known as Iran Oil Participants, registered in London) consist of BP (40 per cent.), Shell (14 per cent.), Exxon, Standard Oil of California, Texaco and Mobil (7 per cent. each), CFP (6 per cent.), and the Iricon group of independents (with the remainder). They were accused in January of falling short of their lifting commitment for 1975 by 14 per cent. The companies argued that they were merely responding to market forces—their 22 cent margin per barrel agreed in 1973 related to the official market price when in fact prices were much lower, and the margin was eroded. Now that demand has begun to pick up, the issue has become less contentious—indeed it seemed the accusation was designed more to find a scapegoat for the country's shortfall in projected oil revenues.

More fundamental has been the dispute between NIOC and the companies over investment. The 1973 agreement envisaged a 60/40 split on investment, with NIOC bearing the larger share. With margins eroded on sales, the companies have become concerned by their heavy investment commitments which are running at around $400m. a year. Since January the companies have stopped all investment payments (about $30m. per month), and these are now being borne by NIOC until a settlement. There is general acceptance that the new agreement should follow the principle of NIOC providing investment funds and the companies being paid a service fee in the form of a discount on crude purchased. However, there is still a wide divergence as to the size of the fee. The companies have proposed 25 cents, NIOC under 15 cents per barrel.

The final outcome, it is recognised on both sides, depends upon the type of arrangement worked out between Aramco and the Saudi Government for 100 per cent. takeover. This will set the example. It has been somewhat frustrating for the Iranians in this respect to find themselves dealing with the consortium, which contains all the Aramco companies, and not have a firm indication of what is happening in Saudi Arabia. For the Iranians the lesson has been clear enough: the American majors who have a stake both in Aramco and NIOC are much more interested in Saudi Arabia.

Underlying the negotiations between the Consortium and NIOC is the realisation that Iranian oil is now moving into a new and higher cost bracket. Investment is currently running at over $1.5bn. a year and must continue to do so if it is to cover the costly process of re-injection as well as continued exploration. During the Plan period of 1973-78, oil industry investment will be about $7.5bn., of which $2.5bn. will be for secondary recovery. No other OPEC member is having to invest so heavily to sustain production.

Expense

Because of the enormous expense involved in sustaining productivity and the continued pressure to have oil revenues match economic development needs, NIOC is active in exploration through its joint venture operations (as well as the consortium through its Tehran subsidiary, Oil Service Company of Iran). Five new fields were discovered last year, none especially large. The plan envisages exploration expenditure of $900m. in a consortium holding North Sea acreage, as well as offshore Greenland.

As regards downstream activities NIOC is now concentrating on coping with the rise in domestic demand, shelving for the time being at least two schemes for export refineries. NIOC reckons that 100,000 barrels/day (b/d) of refining capacity now has to be added every two years. The Abadan refinery is being expanded from 470,000 b/d to 600,000 b/d (to be again one of the world's largest), a new 80,000 b/d refinery is well under way at Tabriz, being built by Snam Progetti, another is being built at Isfahan by Flour with a 200,000 b/d capacity, and a 20,000 b/d topping plant is being added to Lavan Island; while de-bottlenecking at the Tehran refinery should raise capacity to 225,000-250,000 b/d. These projects will cost upwards of $1.4bn.

NIOC has also extended operations overseas. In the year agreement has reached on a joint venture Senegal for a 60,000 b/d refin in the African State, as well a private venture with the So Korean concern Ssang Yong a 60,000 b/d refinery in On These two ventures are addition to NIOC's existing st in the Sassolberg refinery Durban, South Africa, and Madras refinery. Few bel that NIOC will be content this involvement overseas.

Of potential significance the continued discussions the Italian State oil com ENI, for a stake in its dis tion and marketing opera These talks have been goi now for over two years. time scale receives diffe interpretations. On the one there are those who say this underscores Iran's inte in such a deal. Others main that there is no real ide of interest and that the would merely stretch Ni resources at the present It was pressed by the Ital at the time of the energy c but now the situation evolved.

However, as evidence Iran's desire to move into d stream activities, agreement reached with BP in March year on the formation of a tanker fleet. Under the ag ment BP sold three VLCCs two product carriers from own fleet to NIOC for $8 and pooled the same numbe match. Thus the total tan capacity of the joint fleet 1.3m. dwt. The deal fitted ne because BP has been anx to offload some of its ex tanker capacity, while NIOC been seeking to build up own. One side effect of this fleet will be a gradual mo ensure that Iranian crude shipped in vessels of the company.

R.

Work has started for a £350m. plant for reprocessing spent nuclear fuel.

David Fishlock, Science Editor, reports on its likely usefulness.

Bulldozers at Windscale

Demonstration of the Friends of the Earth outside Windscale last April.

ULLDOZERS HAVE begun to vel land reclaimed from the ver Calder in Cumbria in pre- ıration for Britain's biggest ngle nuclear energy invest- ent so far. On a new site lying ıtween *Calder Hall the world's* st commercial-sized nuclear ıwer station, and the Wind- ale Works of British Nuclear ıels, the company is planning construct THORP at a cost ırrently estimated at £350m. It ıs just completed its case for ıtline planning approval for e major component of an ex- ınsion programme which last ıtumn erupted into a national ıntroversy over nuclear fuel processing.

THORP (thermal oxide repro- ssing plant) will be the width a football pitch and over ree times as long—"a fairly g task," as one executive odestly puts it. By the mid- 80s it will be one of per- ıps half-a-dozen integrated cilities round the world for e reprocessing of spent ıclear fuel. In a chemical ant shrouded in concrete 5 et thick, the intensely radio- tive fuel retrieved from actors will be dissolved and parated chemically into three ain streams—unburnt uran- ım, plutonium, and the highly dioactive fission products—at e rate of at least 1,000 tonnes year.

THORP will be Britain's first tegrated reprocessing plant of mmercial size. Windscale as born in the late 1940s as a ıclear factory where pluton- ım would be made in "piles" precursors of nuclear reac- rs—and separated to provide plosive for Britain's first omic bomb. The transition to commercial reprocessing oper- ion began in the early 1960s, which time the square mile of Cumbrian beach was already highly congested. As a result, the various steps in the repro- cessing cycle have become widely separated, requiring tricky transfers of material *around the site.*

One ex-director of British Nuclear Fuels, now retired, ex- presses astonishment bordering on disbelief that THORP could possibly cost £350m. There was a time in the late 1960s when the company hoped to get its first plant for reprocessing oxide fuel for as little as £3m. The idea was to take a plant originally constructed at the military's expense to extract plutonium, and convert it to handling the oxide type of fuel. This "head-end" plant, as it was called, would reduce the oxide fuel to a solution that could then be treated in the existing commercial reprocess- ing plant at Windscale, commis- sioned in the mid-1960s.

Leaking

The scheme came badly un- stuck at 10.55 a.m. on September 26, 1973. The "head-end" plant had successfully reprocessed nearly 100 tonnes of oxide fuel over a period of four years when the alarms warned that it was leaking radioactivity. An inquiry by the Government's Nuclear Installations Inspectorate estab- lished that 35 men had been contaminated as a result of an unforeseen chemical reaction forcing radioactive vapours through seals in the concrete shield.

Windscale's head-end plant will not be on stream again until early in 1978, by which time a further £12m. will have been spent on modifying the plant to much higher standards of safety, as well as in doubling its capacity from 200 to 400 tonnes a year. The plant will then serve as a precursor for THORP, reprocessing the first fuel from Britain's new ad- vanced gas-cooled reactors, now *being commissioned*, and from overseas oxide fuel reprocessing contracts.

Only the Americans, at one of their plants, have accumulated more experience of reprocessing oxide fuel than British Nuclear Fuels. The French have just treated their first oxide fuel. Another U.S. plant seems likely to be a complete write-off of at least $80m. because part of the technology *entombed within* its concrete walls will not work. And a third has not yet been licensed by U.S. Government inspectors, because of worries about its safety.

There is general agreement between those who are seriously contemplating large, fully- integrated plants to-day that the unit cost will be several hundred million pounds. For *example, the Germans* are putting a figure of £750m. on a plant somewhat bigger—1,500 tonnes a year—but on a "green- field" site and including perma- nent storage for the high-level radioactive waste. The French, who are now negotiating for half of a £400m. contract to reprocess 4,000 tonnes of Japanese fuel in the 1980s, are quoting a price slightly higher than that of British Nuclear Fuels, indicating very similar capital cost estimates.

The central problem is the much more intense radio- activity associated with oxide fuel compared with fuel recovered from Britain's cur- rent magnox reactors. It means that much more of the repro- cessing plant will be completely *inaccessible.* As *one senior* executive at Windscale puts it: "The real design problem is for the maintenance men, not for the operators." Not only must much of the plant be designed for remote maintenance—by *robots if need be*—but if all else fails the plant must have enough built-in extra standby equipment to ensure that there is no repetition of the disaster that befell U.S. General Elec- tric's plant, when the highly radioactive materials simply re- fused to flow.

Deadly

But it was the operators who were contaminated in the acci- dent of 1973. From the opera- tors' standpoint, THORP will be designed to protect them against radiation levels five times lower than international standards at present require.

They acknowledge, however, that it will be no easy goal to reach with the much larger quantities and much greater variety of intensely radioactive fission products flowing through plant processing oxide fuels. Experience worldwide in the past two or three years has disclosed the tremendous scope for unexpected chemical reac- tions; and even for "criticality" incidents where conditions sim- ilar to those in a reactor are set up briefly, resulting in bursts of deadly gamma-rays.

One of the changes in manage- ment practice introduced by the company after its accident was the setting up of an indepen- dent safety group for its more dangerous plants. Mr. John Donoghue, who heads a group that will number eleven by the end of the year, was brought in from the U.K. Atomic Energy Authority, and reports directly to Mr. Peter *Mummery, Windscale's general* manager. In Mr. Donoghue's view, what matters to the com- pany is not whether the Gov- ernment's nuclear inspectors say a facility is safe, but whether British Nuclear Fuels *itself believes it is safe enough* to be operated.

Half of the 300-metres-long THORP will comprise storage ponds where the oxide fuel can be accumulated safely from the late 1970s onwards until the facility is operating around 1984. The other half will be a remotely controlled chemical plant so designed that at no point can enough chemical pro- ducts accumulate to form a "critical mass."

The design of THORP is sup- ported by a greatly expanded research programme at Wind- scale, the main threads of which are the chemical plant and its problems, and a process called Harvest which if successful will eventually be integrated into THORP. Harvest is a method of solidifying the acid effluent con- taining all the most dangerous fission products, for permanent storage probably deep under- ground.

When, in March, the Govern- ment gave its approval for British Nuclear Fuels to expand its business in repro- cessing fuel from reactors overseas, the vital condition was that such contracts should have an escape clause where the company would have the option to return the high-level radio- active waste if a future govern- ment should require it to do so, and could renege on the contract if it failed to develop a satisfactory way of returning the waste. The Harvest tech- nology converts the effluent into ingots of lustrous black glass, which—if need be—would be shipped back to the country of *origin in the casks used to* transport the spent fuel.

Windscale has just embarked on a ten-year £30m. research and development programme to demonstrate what promises to be "the most difficult job we've had"—it combines intense radioactivity with the high temperatures needed for glass- making. A £4m. pilot plant making 2 kg. glass ingots is already under construction for completion in late-1978. Finally, in 1980, the company expects to approve stage three —construction of an active demonstration plant for the Harvest process, at an estimated cost of £19m.

Apart from the £350m. currently estimated for THORP and another £30m. committed to Harvest, British Nuclear Fuels is spending £100m. on a pro- gramme of "strengthening" its reprocessing capability for Britain's existing magnox reactors, which will still be generating well into the 1990s. It is also talking of a second THORP, for commissioning in the late 1980s, predominantly for the overseas market. But how can a company with a turn- over of about £100m. last year, and no prospects of any dramatic growth in domestic business, hope to finance investment and research on this scale? So far it has failed to get Government financial support for even the Harvest programme.

As far as the domestic pro- gramme goes, the cost will be recovered in higher reprocess- ing charges, with capital raised as loans either from Govern- ment or the private sector. The cost of reprocessing has risen from 10 per cent. of the cost of the nuclear fuel cycle to about 25 per cent. But as a proportion of the captial commitment to reactors themselves it remains very small.

Prices

Similarly, British Nuclear Fuels expects its customers to help finance THORP. It has drafted an ingenious "prepay- ment cost-plus" contract de- signed both to elicit a substan- tial downpayment towards the cost of the plant and to insure the company against the large uncertainties which still remain over the final capital cost. The customer is being asked to find as a downpayment 40 per cent. of the agreed or "reference" price. On receipt of the spent fuel the company will ask for the cost of transport plus another 40 per cent. of the ref- erence price.

Executives admit that although utilities recognise the uncertainties and are willing to accept the cost-plus part of the contract, they find it much harder to stomach the 40 per cent. downpayment. One reason is that almost every utility is under strong pressure to-day to peg its electricity prices. "If only we could talk to their bankers, we think we could con- vince them that reprocessing is part of the captial investment in nuclear reactors, concerned with keeping them running," laments one much-travelled negotiator.

Does the Government have the option of simply storing the spent oxide fuel from its new reactors, instead of allowing THORP to be built? The ques- tion has been posed by the Royal Commission on Environ- mental Pollution, which expects shortly to publish its study of radiological hazards in Britain.

In replying, the U.K. Atomic Energy Authority estimated that without reprocessing Britain would have 32,000 tonnes of spent fuel in store by the year 2000, at a cost exceeding £4,000 per tonne per year.

Letters to the Editor

Thieving from shops

rom The President, xford Street Association.

Sir,—The last item in "Men ıd Matters" is usually the funny," but the store keeper Oban who threatened pub- ıity as well as prosecution ıune 15) was being much wiser ıan you apparently gave him edit for. It is a sad reflection the state of the public atti- ıde to theft from shops that ıe thief, when caught, is orried more about the news- aper than the magistrate.

There seems to be little social ıgma attached to a court ppearance. Sentencing is ften lenient, but certainly sen- ıncing policies vary so widely ıat nobody really is worried bout the reaction of the courts hat does concern the offender that the neighbours might ıd out. In the fight against ıis national scandal the local ress has a very important part play.

Thieving from shops is a ational disease, and the £500m. olen annually is equivalent to Great Train Robbery every ıe and a half days. The Depart- ent of Prices and Consumer rotection might care to note at if the problem was reduced half, it would represent a ving of 1 per cent. on retail ices.

arry Shepherd.
South Street, W.1.

Deferred tax

rom The Deputy Chairman, rixton Estate.

Sir,—One particular aspect of e deferred taxation debate lates to capital allowances on dustrial buildings held by operty investment companies. ıe Statement of Standard ccounting Practice number 11 quires that these should not be edited to the profit and loss count in the year in which ey arise but that they should transferred to the deferred xation account. This obviously eans a reduction in distribut- ıle profits which, for the major operty investment companies *lding industrial property, can* very substantial.

The illogicality of the situation that after a period of 25 or years (according to when the penditure on the building was curred), no balancing charge ises on subsequent sale and as definition property investment mpanies are long term holders property large random credits ill accrue to their profit and ss accounts as the 25 or 50 year riods expire. This can only oduce irrational distortion in ıe results for any particular ear and cause confusion to areholders.

. S. Axton.
2-24, Ely Place, E.C.1.

It is polite to say thank-you

rom Mr. D. Lowe

Sir,—May I add to the corres- ondence from Mr. John Stokes, P. (June 10) and Mr. Peter cGrath (June 15) regarding roduction thanking sales execu- ives and vice versa.

I am not engaged in either of these spheres of operation but distribution. And since this s always been the most aligned sector of management rhaps it would help good inter- partmental relationships in ture if both production and sales casionally thanked the distribution function. After all, goods made and goods sold are of no value until they are delivered safely and on time to the customer's premises.

David Lowe.
2 Runnymede Drive, Balsall Common, Coventry, Warwicks.

Presumption of guilt

From Mrs. Monica Day, Secretary, Society for Individual Freedom.

Sir,—In his article on taxation (June 12), Cuthbert Shankland suggests that the ordinary tax- payer is in a way treated as guilty until an inquiry proves him innocent, and he adds, "This apparent reversal of British law is related to tax only; I do not think that it applies in any other field of our legal system."

Regrettably there *are* other instances of this, unconnected with taxation. The Post Office's monopoly of carrying letters is protected by the Post Office Acts 1953 and 1969; the former states in section 4 (2) that "In any proceedings for the recovery of a fine under this section, it shall lie upon the person proceeded against to prove that the act in respect of which the fine is alleged to have been incurred was done lawfully."

The current Race Relations Bill includes a provision such that it will not be necessary to prove a person's guilt for a court or an industrial tribunal to "find" that he has "committed an unlawful act", and then for a court to issue an injunction or an order against the person.

Believing in the rule of law, we are most concerned about laws whereby an accused is pre- sumed to be guilty unless he can prove his innocence, and also *about retrospective* legislation. One advantage of a Bill of Rights would be in making clear that such injustices were not to be tolerated any longer.

Monica Day.
55, Park Lane, W.1.

Appellation campaign

From The Director, Food from France.

Sir,—I feel I must reply to the article by E. Penning- Rowsell (June 15) in which he challenges the headline of an advertisement for Appellation d'Origine Contrôlée wines (which ran seven months ago). Although Mr. Penning-Rowsell is perfectly entitled to disagree, we believe that the consistent high standard of AOC wines still maintains their pre-eminence and in an advertisement which has been paid for by the French, it is hardly surprising that we say so!

Our point of view would seem to be shared by a significant and increasing number of British consumers. AOC wines account for over 22 per cent. of total wine clearances through H.M. Customs, the largest share for AOC wines in any market in the world *including France.*

As for the subject of the article and the criticisms made against the Appellation d'Origine Con- trôlée system, we can only agree, together with influential mem- bers of the wine industry in France, that a simplification is necessary. In fact, the main aim of our informative campaign was to link the lesser known appella- tions with their main regions of origin. This theme was developed in our advertisements on *Anjou*, Alsace, Bordeaux, Bourgogne, Beaujolais and Côtes du Rhône. Judging from the various com- ments made by members of the wine trade this information was particularly well received by the consumer. On the other hand, contrary to what Mr. Penning- Rowsell states, we are convinced that the measures taken by l'Institut National des Appella- tions d'Origine are by their very nature likely to strengthen the quality of AOC wines.

We feel that the quality of wines is incompatible with a high yield which has been artificially obtained. That is why any action taken to financially penalise the producer if he forces the yield, will encourage him to increase the quality of his wine.

It is important to note that the total area of production in France has only slightly in- creased and that the quantity of AOC wines produced in 1975 is less than it was before the Second World War whereas the vinifica- tion techniques have generally led to an improvement in produc- tion. Also the percentage of wine entitled to the AOC status is very small in comparison with the total production when com- pared with the proportion of fine wines produced in other Euro- pean countries. The permitted yields in the AOC producing areas are substantially lower than those accepted in other countries producing quality wines.

Of course, it is natural for a country which has the reputation of producing the best wines in the world to be faced with com- *petition from other wine-growing* nations trying to increase the quality of their products. For our part, we can guarantee that every effort is being made in France to keep the high standard of quality which has given French wines their honoured position.

H. R. Fresson.
14, Berkeley Street, W.1.

Disconnection powers

From Mr. T. Sutton.

Sir,—The Electricity Council and Gas Corporation have rightly argued that loss of their power to disconnect non-paying cus- tomers will lengthen the average number of days' credit taken by their customers, increase their working capital and consequently their financing costs.

If, however, the Government insists on the abrogation of the corporations' disconnection powers, the two industries will clearly wish to take steps to pro- tect from the inevitable tariff increases those compliant cus- tomers who pay their bills on time. One way would be to reintroduce the power to disconnect as an express right under the terms of a contract *entered into voluntarily by both* consumer and public corporation.

Such a contract could take the following form. A consumer would sign an undertaking to pay his electricity/gas bill by a stated due date and to accept disconnection of supply if he should fail to do so. As a *quid pro quo*, he would enjoy a lower tariff which would reflect the interest savings which the result- ing *guaranteed* early settlement of debts were expected to yield *the respective corporation.* The tariff would be adjusted in the light of savings both realised and forecast.

Of course, there would need to be safeguards to protect both parties from possible abuse of the "disconnection tariff." Contractual disconnection, how- ever, does offer benefits to both sides: it extends the choice of supply open to the customer and will reduce the corporation's *debtor ratio from the level* it would otherwise have risen to, if the corporation's disconnection powers were to be withdrawn.

T. G. Sutton.
42, Westpoint, Shortlands Grove, Bromley, Kent.

Inches, pounds and pints

From Mr. L. Ford.

Sir,—Before retirement I was one of the chief experimental officers in the standards divi- sion of the National Physical Laboratory. Thus, I was sur- prised to learn that in Mr. Rogaly's view (June 15) I am one of the most blinkered of reactionaries, because I see no reason why ordinary people should not be allowed to do their ordinary every-day shop- ping in inches, pounds and pints, merely because we have changed the legal definition of those words.

If I buy a block of Dutch butter it is now 227g. in its country of origin and ½ lb here. If it is 227g here as well why should the Dutch have to modify their packaging machines and I have to buy a larger butterdish because an obsession with round numbers makes our politicians insist on 250g packs.

The big advantage of the in- ternational system for the com- mon man is that it provides a series of prefixes which define decimal multiples and submul- *tiples of any unit.* We could, had we have been so minded, have obtained this while retain- ing the Imperial system, and talked of centiyards and kilo- yards, as part of decimalisation. In other words, a change in our legal standards need not necessarily demand a change in our vocabulary, and vice versa. The legal definition of the yard and pound can be changed as unobstrusively as were the legal definitons of the volt, ampère and ohm in 1948, should we wish to do so.

L. H. Ford.
Flat 12, The White House, 19, Meadow Green, Welwyn Garden City, Herts.

Housing in Scotland

From Mr. C. Bell.

Sir,—Joe Rogaly's modest pro- posals (June 15) for cutting £1.5bn. from the housing budget may make some kind of apparent sense in England, referred as they are to comforting statistics about the quantity and quality of the U.K. housing stock compared with other nations.

They make no sense at all in Scotland, for buried within those U.K. figures, putting us well up *the league table for occupancy* rates, amenities, etc., there are the Scottish figures. Scotland comes bottom of the Western European table for overcrowd- ing, for standard amenities, for multiple urban deprivation, the picture looks very different from here, with an ageing housing stock, built to low standards, still well short of a surplus even counting in the vast numbers of homes below the "tolerable standard," let alone Parker- *Morris standards.*

It is certainly true that our council rents are even lower than those in England—but so is the proportion of income spent on housing in our shrivelled private sector, and so is our level of employment and wages. By all means contemplate savings in the South East, but not in Scot- land unless you really are pre- pared to admit that we are just a colonial slum.

Colin Bell.
2, Rothesay Terrace, Edinburgh.

To-day's Events

GENERAL

Mr. Anthony Crosland, Foreign Secretary, holds talks with Dr. Henry Kissinger prior to U.S. Secretary of State's meeting with South African Premier in West Germany.

OECD Ministerial Council meets, Paris.

EEC Agricultural Ministers begin two-day meeting, Luxem- bourg.

TUC-Labour Party Liaison Com- mittee meets.

CBI Economic Situation Com- mittee meets.

Mr. Malcolm Fraser, Australian Prime Minister, begins visit in China.

Sir Lindsay Ring, Lord Mayor of London, attends Distillers' Company dinner, Mansion House, E.C.4.

International Whaling Com- mission annual meeting, Waldorf ...l, W.C.2.

PARLIAMENTARY BUSINESS

House of Commons: Debate on employment opportunities for young people.

OFFICIAL STATISTICS

Gross domestic product (first quarter—provisional).

COMPANY RESULTS

Dawson International (full year). H. J. Heinz (first quarter).

COMPANY MEETINGS

See Week's Financial Diary on Page 28.

OPERA

Royal Opera in gala perform- ance of Verdi's "Un Ballo in Maschera," Covent Garden, W.C.2, 7.30 p.m.

BALLET

Ballet Rambert dance new Bruce ballet (birthday tribute), Ricercare, new Morrice ballet, and Wings, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

MUSIC

Malcuzynski piano recital of music by Chopin, Royal Festival Hall, S.E.1, 8 p.m.

Yitkin Seow gives piano recital of works by Mozart, Rachmaninov and Debussy, St. Lawrence Jewry next Guildhall, E.C.2, 1 p.m.

SPORT

Tennis: Wimbledon champion- ships begin. Cricket: Second Test (fourth day), England v. West Indies, Lord's. The Queen and Duke of Edinburgh will watch part of afternoon's play. England v. Australia (women), Old Traf- ford.

COMPANY NEWS + COMMENT

Robertson Foods peak capital programme

MR. C ROBERTSON, chairman of **Robertson Foods** believes that the present financial year will show an improvement on 1975-76, due to maintaining an extremely competitive pricing policy in order to continue increasing market shares and maximising production.

Furthermore, it is hoped that better margins will be obtained in the coming months, he adds.

As reported on May 27 group pre-tax profit for the year to March 31, 1976 increased from £2.11m. to £2.74m. on a turnover up from £41.81m. to £45.94m.

When viewed in the context of inflation, the results were a little disappointing, but the directors are interested not only in the short-term but also in the longer term success of the group, says Mr. Robertson. The company now has a proven record in several diverse product fields and a major capital investment programme involving a record capital expenditure from resources will begin to show real benefits in two to three years' time, the chairman adds.

Year-end commitments totalled £1.99m.

He points out that the directors took the view at the beginning of 1975-76 that with the likely fall in interest charges, and the reduction in sugar costs, prices of branded preserves and cake mixes should be reduced in order to increase brand shares and hopefully to lift the total markets.

The jam and marmalade markets fell in volume but, due to the policy to reduce prices Robertson's volume sales have remained the same as the previous year, thereby increasing market share to its highest level for some four to five years. A new thick cut marmalade, Robertson's Original Marmalade, has recently been launched, and is proving to be most successful.

Meeting Beckenham, July 13, at 10.30 p.m.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: J. H. Fenner, Great Northern Investment Trust, Arthur Lee.

Finals: Attwood Garages, Brown and Tawse, Caffyns, C. H. Industrials, Dawson International, Dimplex Industries, Leopold Joseph, R. Paterson Sterling Industries, Warnford Investments, Whitecroft.

FUTURE DATES

Interims:

Romney Trust	July 20

Finals:

Bishop's Stores	June 28
British Cotton and Wool Dyers	June 29
Davis (Godfrey)	June 24
L. C. P.	June 29
May and Hassell	June 28
Russel Brothers (Paddington)	June 24
Shaw Carpets	June 24
Stanhope General Investments	June 28

Hawthorn Leslie

R. and W. Hawthorn Leslie announces that due to uncertainties caused by impending nationalisation legislation and lack of any clear indication as to the method of assessing compensation for the major subsidiary — Hawthorn Leslie (Engineers) — the directors are unable to issue the normal interim report for the year to June 30, 1976.

For the half year to December 31, 1975, profit from trading and other income was £144,000 and development expenditure on Seahorse and Seajoule projects £265,000.

The present results of the marketing of the two products indicate the possibility of orders being received in which event consideration will be given to the part capitalisation of development expenditure.

Extending the accounting date to September 30, 1976, is also being considered to coincide with the expected nationalisation vesting date.

In the circumstances, decision on an Ordinary dividend is delayed. Such decision will be made as soon as the situation is clarified. The preference dividend will be paid on July 1.

FT Share Information Service

The following securities have been added to the Share Information Service:—

Comfin Australia Ltd. (Section: Trusts-Finance, Land, etc.)

Compagnie Francaise de L'Afrique Occidentale (Section: Overseas—Paris).

Levi Strauss and Co. Ltd. (Section, Overseas—New York).

Reliant Motor prospects

DESPITE a poor start **The Reliant Motor Group** should return to a modest profit for the current year, says the chairman, Sir Julian Hodge.

He stresses, however, that profitable trading depends entirely on the stemming of losses in the motor company.

Demand for the Scimitar is particularly pleasing, and additional markets are being explored in Europe.

But the short-term outlook for Hodgkinson Bennis cannot be good, a position which could change radically if one or more of the larger contracts currently under negotiation should result in a contract.

As reported on June 17 a loss of £899,000 was incurred in the year to February 29, 1976, against a pre-tax profit of £508,000. Heavy losses at the motor company were mainly attributable to a fall off in demand involving short term working in the first half. In the light of which the comprehensive model-changing programme was greatly accelerated.

The heavy cost of the programme, and the lack of volume during new model introduction had to be borne over a much shorter period than would normally be planned, Sir Julian explains.

Meeting Cardiff, July 13, at 10.30 a.m.

● comment

Reliant Motor, in common with the industry, has been faced with falling demand. But Reliant's position has been aggravated by the need for a product change, and the group has borne the costs of introducing a new small four-wheeled range, the Kitten, as well as revamping its existing three-wheeled Robins and up-market Scimitars. The "inevitable" losses that were forecast a year ago emerge at £0.9m. pre-tax—a turnround of £1.4m.—while the balance sheet has also considerably suffered. There is a new £750,000 five-year loan and a 8½ per cent. increase in the overdraft against a 25 per cent. fall in shareholders' funds (ex-goodwill). The upshot is a jump in borrowings of 45 per cent. to £2.9m., representing 214 per cent. of shareholders' funds against 110 per cent. a year before. The trading picture does seem to be looking slightly better, but any prediction of a return to profits this year obviously hinges on the motor division, where demand, apart from the Scimitar, does not sound that encouraging. Understandably then the shares reflect market caution; at 6½p they are not far off the 5p low point for 1975, and the market capitalisation is just £1.09m.

Hammerfest Intl. Trust

At the adjourned extra-ordinary meeting of **Hammerfest International Investment Trust** on June 17 resolutions to change the company's name to Aldermanbury Trust and to reduce the capital by cancelling 24½p per 25p share were approved.

Resolutions relating to the sub-division and consolidation of shares and consequential amendment articles were however not passed.

Discussions are continuing on the proposed injection of funds and acquisition of investments and a further announcement will be made in due course.

Utd. Spring holds first half profit

Reflecting improvement after a difficult first quarter, pre-tax profit of **United Spring and Steel Group**, Midlands-based spring makers and steel stockholders, showed a marginal rise from £151,000 to £157,000 in the half-year to March 31, 1976.

Providing the present recovery continues its progressive pattern, chairman Mr. D. Westwood sees no reason why the final results should not show an advance on the £301,000 pre-tax for the previous 12 months.

The net interim dividend, absorbing £41,000, is maintained at 0.42p a share. Last year's total was 1.182p.

	Half-year 1975-76 £000	Half-year 1974-75 £000	Year 1974-75 £000
External sales	9,875	6,075	12,069
Profit before tax	157	151	301
Tax	88	79	167
Extraord. debits*	20	—	—
Sale surplus	—	—	16
Attributable	48	72	150

* Exchange losses.

While the spring division faired better than might have been expected, the steel division made only a minor improvement, Mr. Westwood says.

However, during the second quarter, the spring division continued to improve its performance and the steel division benefited from an increase in demand.

Although the steel division was, to some extent, inhibited by a shortage of certain types of material, the situation has improved and the division is now operating a normal full production schedule.

Cocksedge recovers to £0.2m.

A recovery from £81,817 pre-tax to a record £203,857 is reported by **Cocksedge (Holdings)** for the year ended March 31, 1976. Turnover rose from £2.21m. to £2.74m.

First half profits had increased from £45,438 to £89,703 and the directors expected that the year's results would show an improvement on 1974-75.

Treasury consent has been obtained for a gross final dividend of 3.3p per 25p share making a total of 4.75p against 2.5p previously. Stated earnings per share have risen from 3p to 6.9p.

The Ipswich-based group trades as structural and mechanical engineers and steel stock holders.

A & C Black drops to £101,000

After higher interest of £48,000 against £10,000 pre-tax profits of publishers **A. and C. Black** fell from £183,000 to £101,000 in 1975 on turnover of £1.65m. compared with £1.43m.

At midway, reporting profits down from £71,000 to £37,000, the directors said that the full year result would show a considerably smaller proportionate fall.

The final dividend is held at 3.12p net per 25p share for an unchanged 3.995p total.

After tax of £56,000 (£93,000) and an extraordinary surplus of £47,000 after tax on the surrender of a lease, £56,000 (£51,000) is retained.

Freshbake in profit

Freshbake Foods reports a pre-tax profit of £22,873 for the half year to March 31, 1976, but is omitting payment of an interim dividend.

For the year to September 30, 1975, a loss of £238,455 was incurred. An interim of 0.125p net, but no final, was paid.

In spite of the improved position the directors do not feel that it justifies the payment of an interim.

They expect to maintain the current progress in the second half. Comparative figures have not been stated as the management information for the six months to March 31, 1975, was subsequently found to contain significant inaccuracies.

A second interim report withdrew the original results.

	6 mths £	Year £
Sales	2,949,472	5,307,651
Pre-tax profit	22,873	*238,455
Taxation	14,173	†91,989
Net balance	8,686	*146,466

* Loss. † Credit.

Mr. Christopher Robertson, chairman of Robertson Foods.

Reckitt & Colman Australia

Reckitt and Colman Australia reports that group results for the six months ended April 30, 1976, showed that sales at $A56.81m. increased by 23.6 per cent. and that profit (after tax, depreciation and interest) at $A4.801,000 went up by 24.5 per cent., compared with the first six months of the previous year.

Growth in real terms in recent months has not been easy, the directors state. However, the group has benefited from continuing programmes designed to improve efficiencies which made a notable contribution to 1975 performance and which have helped to counter the continuance of the "patchy" trading conditions experienced in much of 1975.

Indications are that earnings per share for the full year should show an increase over 1974-75, assuming no significant adverse change in levels of economic activity and conditions generally from those experienced in the first half.

The interim dividend of 11 is raised from 5 cents to 5.5 cents per share.

Reckitt and Colman Limited owns 69.9 per cent. of the equity.

Amber Industrial up £65,000

Manufacturers of aerosols, refractory fittings, tubular products, etc., **Amber Industrial Holdings**—which is controlled by Caledonia Investments—reports turnover up from £1.46m. to £1.65m. for the year to March 31, 1976, and increased pre-tax profits of £175,005 against £110,025 after £80,000, against £57,000, for the first half.

Full year earnings are shown to be up from 1.3p to 2.92p and the dividend is lifted from 0.403p to 0.4433p net per 10p share.

Profits of £12,257 net on the sale of freehold property have been applied in writing down goodwill.

	1975-76 £	1974-75 £
Turnover	1,649,000	1,458,000
Group trading profit	232,243	180,922
Interest paid	14,735	30,223
Depreciation	42,509	40,677
Pre-tax profits	175,005	110,025
Current year tax	96,000	87,300
Prior years credit	772	*11,407
Extr'ord. debits	—	2,021
Attributable	79,777	33,297
Pref. dividends	3,500	3,500
Proposed ordinary	11,569	10,316
Retained	64,708	21,231

* Charge

Tollemache & Cobbold

Taxable profit of **Tollemache and Cobbold Breweries** declined from £178,000 to £108,000 in the first half to March 31, 1976—for the year to September 30, 1975, the figure was £636,000.

Since April 1, 1976, beer sales have been "above forecast and in excess of last year's levels," but due to a shortfall in the winter months, the directors say it is now unlikely that profit for the full 12 months will reach the previous year's record.

The interim dividend is being kept at 1p net. Total for the year 1974-75 was 3.735p.

First half turnover was up from £5.58m. to £6.47m. Tax takes £50,000 (£87,000) and there are extraordinary credits of £35,000, against £67,000.

Central & Sheerwood's good start

In his annual statement, the chairman of **Central and Sheerwood**, Mr. F. A. Singer, says that the current year has started well and the group is anticipating a substantial increase in profitability for 1976. This growth will come largely from the engineering division, where a growing proportion of products is sold overseas.

Some improvement is also expected from the printing group and there is hope of better results from financial services.

All companies are now trading profitably with the exception of A. Mason. This operation has now been strengthened by merging Mason with Andrew Valentine Holdings, another greetings card producer. As a result the group acquired a 63 per cent. interest in the enlarged equity of Valentine. The two companies combined should make a useful profit contribution from 1977 onwards, members are told.

The Board has not lost sight of opportunities to strengthen the group by suitable acquisitions, the chairman adds, and at the moment a number of propositions are being considered.

As reported on May 28 profits rose from £1.91m. to £2.2m. in 1975 and the dividend is 1.91393p (1.5433p) net.

Meeting, Hyde Park Hotel, S.W., on July 12 at noon.

TOMKINSONS

Tomkinsons (Holdings), the Kidderminster carpet manufacturer, is proposing to introduce an employees savings related share option scheme. Up to 142,000 shares, or 5 per cent. of the present issued capital, have been set aside for employees who enter into a five-year SAYE contract.

Sabah Timber's strong liquidity

MR. H. G. C. TOWNSEND, chairman of the **Sabah Timber Company**, reports that eastern sector sales in the first quarter of the current year have been at their highest level for over two years and the present prospect is of a more rewarding year. Current production is running at a similar level to last year but prices are better. In the U.K., imported wood prices fell for the first time in eight years but this trend has been reversed in 1975 accentuated by the weakness of sterling. Last year opened with too much stock of timber everywhere and demand sluggish. Latterly demand has shown a slight improvement partly due to restocking but a sustained advance will only come in the wake of a national economic recovery, says the chairman.

Meanwhile the group will continue to develop its existing U.K. interests and to consider any suitable new opportunities within its general field of operation.

As reported group pre-tax profit fell from £6.07m. to £4.12m. in 1975—72½ per cent. arose in the U.K. and the rest in Sabah. The profit was struck after royalties of £747,901 to the Sabah Government.

Group turnover was slightly down from £52m. to £51.8m., a modest increase in the U.K. being offset by lower sales value in the East. Although the results suffered by comparison with 1973 and 1974, they can be considered satisfactory in a year of economic recession at home and abroad, says the chairman.

The consolidated balance sheet shows that stocks were reduced by £5.6m. and that deposits and bank balances at December 31, 1975 were some £3.4m., compared with a net overdraft of £3.1m. a year earlier.

The strong liquid position, since enhanced, will be of value in maintaining growth and in providing increased working capital necessitated by a recent rise in import prices.

Meeting, 1-4 Gt. Tower St., July 12 at 11:30 a.m.

Grendon to redeem loan stock

Grendon Trust, which came under the management control of merchant bankers Keyser Ullmann in 1974, has decided to redeem the 11 per cent. unsecured loan stock on which it failed to pay interest due on June 16.

On March 4, 1976, it was announced that discussions were being held between Grendon, Alliance Assurance and Keyser Ullmann to consider possible redemption. As a result of these and subsequent meetings with the principal holders of the stock, the Board of Grendon is advised that redemption is the preferable course.

Ecclesiastical Insurance

By Eric Short

The annual report and accounts of the **Ecclesiastical Insurance Office** for the year ending February 29, 1976, reveals that the fire and accident account had an underwriting loss of £248,000, against a loss of £272,000 in the previous year. Premium income for the year amounted to £5.2m., against £3.9m. previously, but claim costs were 20 per cent. higher at £3.1m. and expenses were £1.8m., compared with £1.4m.

Income on the life fund, including realised investment profits, amounted to £2.5m., more than double that of the previous year, while claims and expenses were £100,000 higher at £0.9m. The fund stood at £8.4m. at the end, against £6.6m. at the beginning.

Mr. Allan Grant, in his chairman's report, states that the [loss] arose almost entirely bec[ause] churches continue to be und[erin]sured so that premium incom[e is] totally inadequate to meet claims on those risks. A num[ber] of parishes had faced up to [the] problem and revised their in[sur]ances.

The EIO recorded a profi[t be]fore tax of £138,000 after ma[king] charitable grants totalling £29[...] the same as last year. Mr. G[rant] referred to this custom of [the] company to plough back to diocese charitable grants fro[m] overall profits. He regretted [that] the current financial climate [limi]ted the grant to the amoun[t of] the previous year.

Further disposals by Supra

Turnover of Supra G[roup] amounted to £3,620,499 an[d pre-]tax profit was £338,397 fo[r the] year to Nov. 30, 1975, exc[luding] Masterparts. For the previous [year] turnover was £4,585,383 and [...] £345,129 including Masterpa[rts].

A final dividend of [...] effectively raises the total [from] 0.7681p to a maximum per[mitted] 0.8385p net per 10p sha[re. A] further one-for-ten scrip [is] proposed.

The reasons for the di[sposal] of Masterparts will be se[t out in] detail in chairman's stateme[nt. As] a result of this disposal the[re will] be an improvement in liquidity of approx. £0.7m.

Since the year end there [have] been further disposals [of the] wholesale part of the auto[motive] division improving liquidity [a] further £0.3m., it is stated.

	*1974-75 £
Turnover	3,620,499
Depreciation	68,892
Comp loss office	5,000
Pre-tax profit	338,397
Taxation	170,847
Available	167,550

* Excluding Masterparts.

The company manufa[ctures] motor components, noise c[ontrol] products and paints.

Brit. America[n] Film

Excluding the results of w[holly] owned subsidiaries which s[how] a turnround from a loss of £[...] to a profit of £522,684 [pre-tax] profit of **British and Ame[rican] Film Holdings** dropped [from] £57,264 to £44,218 during 19[75].

Stated earnings per 5p sha[re] excluding subsidiaries—are [...] (1.318p) and the dividend [is lifted] from 1.4108p to 1.5519p net.

Earnings per share of the [sub]sidiaries are shown at 29[...] against a loss of 12.994p.

Profit of the subsidiaries is [after] charging losses of £149,084 ar[ising] from translation of loans pa[yable] in currency to sterling. [The] method of accounting adopte[d by] the subsidiaries in relation t[o the] production of films is to c[harge] the relevant film production [costs] to profit and loss account at [the] date of delivery of each film [to the] distributor and to credit reve[nue] as they arise.

The subsidiaries accounts [for] 1975 reflect mainly the [...] recovery of production cos[ts and] profit participation in [...] productions.

The chairman, Sir John [...] says that despite difficulties [in] film production, he continues [to] be optimistic about the futu[re].

Pending dividends timetable

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus *) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
AD Intnl.	July 2	Final 9.3%
Alexanders Discount	July 7	Int. 5.4%
Allen (Edgar)	June 23	Final 13.4%
Allied Brews.	June 22	Int. 6.2%
Amalgam Props.	July 29	Int. 4.6%
Associated Newspapers	July 9	Final 17.3%
Associated Television	June 24	Final 12.6%
Bassett (Geo.)	June 24	Final 21%
Berisford (S. and W.)	June 24	Int. 15.4%
BPB Inds.	June 30	Final 8.7%
Brit. American Tobacco	July 29	Sec. int. 23.1%
Butterfield-Harvey	July 21	Final 8.2%
Daily Mail & Gen. Trust	July 10	Final 19.4%
Davis (Gdfry.)	June 24	Final 12.4%
Davy Intnl.	July 16	Final 23.3%
Dawson Intl.	June 21	Final 10.7%
Distillers	July 17	Final 10.36%
Dowty	July 22	Final 2.44p
Elliott (B.)	June 28	Final 12%
Fairey	July 29	Final 9.3%
Finlay (Jas.)	June 24	Sec. int. 6%
FMC	July 15	Sec. int. 15.4%
General Electric	July 3	Final 9.4%
Gestetner	July 24	Int. 9.8%
Gillett Bros. Discount	July 23	Int. 7½%
Granada	June 30	Int. 8%
GUS	July 17	Final 20.8%
Hambros	June 22	Final 33.3%
Hardy and Co. (Furnishers)	May 20	Final 10.3%
Haslemere Estates	July 13	Final 25.3%
Heelys	June 23	Int. 13.5%
Illingworth Morris	July 22	Final 4.1%
Imperial Group	July 2	Int. 10.3%
Inchcape	July 24	Final 5.5%
Intnl. Timber	July 9	Final 18%
Inveresk	July 22	Int. 3.8%
Keyser Ullmann	July 19	Final nil
*Lloyd (F. H.)	June 28	Final 16.7%
Lloyds Bank	July 25	Int. 5.2%
*"LOFS"	June 23	Final 19.8%
*Lyons (J.)	June 24	Final 8.4%
Midland Bank	July 23	Int. 5.5%
Natnl. Wstmnstr. Bank	July 22	Int. 6.8%
News Intnl.	June 27	Int. 21.1%
Norcros	June 16	Final 12.3%
*Plessey	June 22	Final 2.7%
*Powell Duffryn	June 22	Final 13.1%
*Racal Electronics	June 24	Final 12.3%
Rank Organisation	July 22	Int. 13.5%
*Rediffusion	June 25	Final 16.6%
Redland	July 3	Final 11.2%
Renold	July 7	Final 7%
Rothmans Intl.	July 1	Final 12%
Rothschild Inv. Trust	July 14	Final 10.5%
*Scapa Group	June 25	Final 11.9%
Scot. & Newcastle Brews.	July 17	Final 12.9%
SGB	June 30	Int. 12.3%
*Sheepbridge Engineering	June 24	Final 11%
Standard Chartered Bk.	July 1	Final 10.6%
*Stead and Simpson	June 24	Final 9.5%
*Stenhouse	July 16	Int. 8.3%
Stock Conversion	July 7	Final 9.7%
Taylor Woodrow	July 22	Int. 8.1%
*Tesco	June 23	Final 21%
Thorn Elec.	July 16	Final 22.15%
Unigate	July 23	Final 9.5%
*Union Discount	July 21	Int. 10.5%

* Board meetings intimated. † Rights issue since made. ‡ Tax-free. § Scrip issue since made from reserves.

Local Authority Investments

Local Authority loan rates were generally a little easier last week, with deposit rates for most periods declining to a general level of 11-11⅛ per cent. Day-to-day credit was in short supply for the most part in the London money market, but following the recent firmer trend in sterling, a steady or downward trend in interest rates may be expected over the course of the next few months, providing the improvement is maintained.

The gilt-edged market remained fairly steady. The Financial Times Government Securities Index finished at 62.55 compared with 62.53 on the previous Friday.

One-year local authority bonds were placed during the week at par, with a coupon of 11⅞ per cent., to offer a yield ⅛ per cent. lower than the previous week's batch.

* Rate (%) June 18, 1976	
2 days' notice (deposit receipt)	11 —11⅛
7 days' notice (deposit receipt)	11⅛ —11¼
7 days' notice after one month (deposit receipt)	11 —11⅛
7 days' notice after three months (deposit receipt)	11 —11⅛
7 days' notice after six months (deposit receipt)	11⅛ —11¼
Mortgage at one month's mutual notice after 11 months	11⅛—11¼
Mortgage at one month's lender notice after 11 months ‡ nominal terms 2-5 years	n.a.
2 years' mortgage	12¾ —12⅞†
3 years' mortgage	13 —13⅛†
4 years' mortgage	13¼ —13⅜†
5 years' mortgage	13½ —13⅝†
6-10 years' mortgage	n.a.
11-30 years' mortgage	n.a.

* Rates are for sums not less than £20,000 and are subject to local variation and fluctuation. † Nominal. ‡ Shorter periods may attract higher rates than longer. n.a. Not available.

Public Works Loan Board rates

Effective from June 12, 1976

Years	Quota loans repaid by EIP†	Quota loans repaid by ER‡	Quota loans repaid at maturity	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid by ER‡	Non-quota loans A* repaid at maturity
Up to 5	12	12	12¾	13¼	13¼	13¾
Over 5, up to 10	12½	12¾	13½	13½	13¾	14¼
Over 10, up to 15	13¾	13¾	14¼	14¼	14¼	14½
Over 15, up to 25	14	14¼	14⅜	14½	14½	14½
Over 25	14¼	14½	14½	14½	14½	14½

* Non-quota loans B are 1 per cent. higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Equal repayments.

London tea sales

At the tea sales held in London last week 75,925 packages sold realised an average price of 89.02p per kilo compared with 84.07p at the previous sale and against 62.64 a year ago. Plain tea was quoted at 82p.

	No. of kilos	Average per kilo
African Highland Prod.	84,928	95p
Assam Co.	13,673	66½p
Assam Consold.	6,737	83½p
Assam Estates	11,231	84½p
Blantyre	19,388	79½p
Central Africa	3,906	83½p
Doondi	5,130	78½p
Greenwood	22,518	84½p
Kenya T. Co.	51,160	97½p
Kenya T. Dev.	103,493	99p
Land Reform	132,329	93½p
Luieri	27,673	86p
Malayalam	13,290	86½p
Moran	51,083	87p
Namingomba	8,301	75½p
Rue Estates	11,424	83½p
Stone Valley	29,344	93½p
Tanganyika	11,683	100p
Tanzania	13,096	100p
Thandi	7,283	87p
Tukuyu	40,836	94½p
Upper Assam	39,936	83½p

Stocks at June 11 amounted to 45,087 metric tons compared with 67,717 metric tons a year ago. Converted at 48.308 kilos per package.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

INTERNATIONAL COMPANY NEWS

Hochtief improves at home

BY GUY HAWTIN

FRANKFURT, June 20.

WEST GERMANY'S largest construction concern has reported an improvement in the heavily depressed domestic market. This is not only good news for the construction industry as a whole, but will be greatly welcomed by branches such as steel and plastics which are heavily dependent on the building sector.

The Essen-based Hochtief concern said in its annual report that the inflow of domestic orders during the opening months of the year were stronger than in the previous year. Building output in the home market was expected to rise during 1976 after dropping back 9.5 per cent. to DM1.5bn. (£326m.) last year.

This in no way indicates a real return to normal. For about three years the industry has been in the throes of a deep recession, and the upturn is taking place from a very low level. Indeed building output in the first quarter of 1976 actually remained under that of the opening three months of 1975, owing to bad weather.

Hochtief's management is unwilling to predict the development of profits at this stage. Last year the group's net profits slid back from 1974's meagre DM11.1m. to DM10.7m., while the parent's net fell back from DM9.9m. to DM7.5m. A 14 per cent. dividend is proposed after 1974's 14 per cent., plus a 2 per cent. golden jubilee bonus.

For 1976, the outlook abroad, particularly in the Middle East, remains encouraging. The group's ability to shift its emphasis from primarily domestic work to overseas operation has been impressive. Overseas building output last year rose by 70 per cent. to DM650m., which pushed up overall building output by 5.6 per cent. to DM2.27bn.

While orders at home last year remained depressed, overseas orders forged ahead. At the year's end the order book stood at DM3.14bn., of which some DM1.86bn. came from overseas, while the home market accounted for DM1.28bn.

Losses at Gelsenberg

BY OUR OWN CORRESPONDENT FRANKFURT, June 20.

GELSENBERG, the oil company subsidiary of Veba, the West German energy giant, has reported substantial losses despite the success for last year of rationalisation measures. But while the company will not be paying its parent a dividend for 1975, independent shareholders will receive their guaranteed two-thirds of Veba's 12 per cent. payout.

The losses came mainly from the oil and chemicals sector, as well as the Gelsenberg fibres interest. Average capacity utilisation in the oil refining sector was less than 70 per cent. The annual through-put of crude dropped by 8.6 per cent. to 6.08m. tonnes, petrochemicals production fell by 19 per cent. to 458,000 tonnes. Turnover fell 7 per cent to DM3.32bn. (£721.3m.).

Work on options continues

AMSTERDAM, June 20.

REPRESENTATIVES of stock exchanges from eight European countries and of the Chicago Board Options Exchange (CBOE) have agreed to continue preparing plans for a European options market, as proposed by the Amsterdam Stock Exchange Association, an association official said.

At a two-day meeting here, they agreed on the principles of the proposals, which provide for setting up one European options association, membership of which would be open to members of the European bourses and the CBOE.

Floor membership in London and Amsterdam would be subject to a number of special conditions, but London, as things stand now, might decide membership of the London stock exchange would also be necessary for options floor membership there, the spokesman said. Reuter.

World Economic Indicators

INDUSTRIAL PRODUCTION

					% change on year earlier
	May '76	April '76	Mar. '76	May '75	
U.S.A.	123.2	122.5	121.7	110.1	+11.9
	April '76	Mar. '76	Feb. '76	April '75	
Holland	121.0	124.0	126.0	117.0	+3.4
France	122.0	121.0	119.0	113.0	+8.0
Japan	122.7	119.7	117.5	108.3	+13.2
W. Germany	116.5	100.1	110.8	105.2	+10.7
Italy	120.8	123.6	113.0	114.1	+5.8
U.K.	102.1	101.1	101.6	102.0	−0.1
	Feb. '76	Jan. '76	Dec. '75	Feb. '75	
Belgium	108.9	104.9	103.0	111.4	−2.3

Money and Exchanges

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

Short-term fixed period interest rates were fairly steady in the London money market last week, while day-to-day funds attracted very high interest rates on occasions in both the discount market and interbank sectors.

This reflected the very tight conditions in the market, with the authorities providing assistance by way of overnight loans on the first three days of last week. The repayments of advances on succeeding days tended to contribute towards the overall shortage.

The scale of help on Monday was exceptional, made up of very large loans to nine or ten discount houses and extremely large official purchases of Treasury bills and local authority bills. Large assistance was given on the following two days, with moderate loans to one or two houses on Tuesday and to three or four on Wednesday. Moderate purchases of bills were also made on Tuesday and Wednesday.

Although only a small amount of help was given on Thursday, the market was generally short of funds at the close and one or two houses were reported to have paid up to 20 per cent. for secured call loans in late dealings.

The shortage continued on Friday, and the authorities gave assistance by buying a large amount of Treasury bills and local authority bills.

During the week interbank rates for overnight loans touched 25 per cent. in places.

At the weekly Treasury bill tender the average rate of discount rose by 0.0210 per cent. to 10.9376 per cent. and Bank of England Minimum Lending Rate was unchanged at 11½ per cent.

The foreign exchange market was fairly calm last week, with the new $5.3bn. credit facility for the U.K. from the major central banks taking much of the pressure off sterling. Action by the authorities in the forward market in advance of the TUC special congress vote on pay policy also helped support the pound. Short-term Eurosterling interest rates were pushed up to around 50 per cent. at times in the early part of the week and forward sterling's discount against the dollar, widened sharply, touching 3.43 cents for the three-month pound on Tuesday.

for the U.K. from the major

The Bank of England's calculation of the pound's depreciation since the Washington Currency Agreement, narrowed to 39 per cent. from 39.2 per cent.

On Friday sterling closed at $1.7740-1.7750, a gain of 40 points on the week, and the three-month discount against the dollar had narrowed to 2.97 cents, but this was still much wider than the previous Friday's rate of 2.60 cents.

The Swiss franc moved rather erratically over the week, within a range of Sw.Frs.2.45 and Sw.Frs.2.50 against the dollar. The Swiss and U.S. authorities were both reported to have intervened to depress the value of the Swiss unit, which finished at Sw.Frs.2.4885, almost unchanged on the week.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty, widened to 1.62 per cent. from 1.35 per cent. a week previously.

Gold gained $¼ to $125½-126¼.

INSURANCE BASE RATES

† Atlantic Assurance ... 10¾%
Cannon Assurance 9½%

† Address shown under Insurance and Property Bond table.

June 18 1976	Sterling Certificates of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills Φ	Bank Bills Φ	Fine trade Bills Φ
Overnight	—	8-12	—	—	—	—	6-11¼	—	—	—
2 days notice	—	—	11-11⅛	—	—	—	—	—	—	—
7 days or 7 days notice	—	11-11⅛	11⅛-11¼	—	11⅛-11⅜	—	10¾-11¼	—		—
One month	11⅛ 10⅞	10⅞-11⅛	11-11⅛	11⅛-11	11⅛-11⅜	—	10⅝-10⅞	10⅞-10⅞	11⅛	11⅛
Two months	11⅛ 10⅞	11-11⅛	—	11⅛ 10⅞	11⅛-11¼	—	10⅝-10¾	10⅞-10⅞	11⅛-11	11⅛
Three months	11⅛ 11	11-11⅛	11-11⅛	11¼-10⅞	11⅛-11¼	—	10⅝-10⅞	10⅞-10⅞	11⅛-11	11⅛
Six months	11⅛ 11	11-11⅛	11⅛-11¼	11¼-10⅞	11¼-11⅜	—	—	—	10⅞-10⅞	11¼-11⅛
Nine months	11⅛ 11⅛	11⅛ 11⅛		11⅛ 10⅞	11⅛-12	—	—	—	—	—
One year	11⅛-11⅛	11⅛-11⅛	11⅛-11⅞	11⅛-11¼	12¼-12⅜	—	—	—	—	—
Two years	—	—	12¼-12¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 13⅛-13¼ per cent.; four years 13¼-13½ per cent.; five years 13⅜-13⅝ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 10 15/16-10⅞ per cent.; and four-month trade bills 11⅛-11¼ per cent. Approximate selling rate for one-month Treasury bills 10 23/32-10 11/16 per cent.; two-month 10 25/32 per cent.; and three-month 10 27/32 per cent. Approximate selling rate for one-month bank bills 11 per cent.; two-month 10 15/16-10⅞ per cent.; and three-month 10 15/16-10⅞ per cent.; for one-month trade bills 11¼ per cent.; two-month 11¼ per cent.; and three-month 11⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent. from June 1, 1976. Clearing Bank Deposit Rate for small sums at seven days' notice 8⅛ per cent. Clearing Bank Base Rate for lending 10½ per cent. Treasury Bill average tender rate of discount 10.9376 per cent.

EXCHANGE CROSS-RATES

[illegible]

EURO-CURRENCY INTEREST RATES*

[illegible]

GOLD MARKET

[illegible]

SPECIAL DRAWING RIGHTS RATES

[illegible]

OTHER MARKETS

[illegible]

FOREIGN EXCHANGES

[illegible]

FORWARD RATES

[illegible]

MINING NOTEBOOK

Recalling what happened after Sharpeville

BY LODESTAR

THE UNFORTUNATE events in South Africa bring back vivid memories, because I was in Johannesburg when the Sharpeville shootings occurred in March 16 years ago. I was glad to escape to the peace then prevailing in Salisbury, Rhodesia. There was an immediate tendency to write off the share market for a long time to come. The first three months of 1960 saw a £516m fall in South African share values.

In May of that year I was recording here a strong plea to Dr. Verwoerd by the country's top business interests, including the Chamber of Mines, for an easing of apartheid policies. In June the view was being expressed that "sooner or later the magnetism exerted on money by highly attractive yields must become a strong market factor. If this stage has not yet been reached, it must be very close and economics rather than politics will take a hand."

In the event, the nadir of the post-Sharpeville fall was not reached until August. It was gold-price hopes that led the subsequent revival. At the end of the year I was writing about uranium prospects and recommending Randfontein at under £1, although qualifying it with the view that buyers could have to exercise patience. At least it has been subsequently well rewarded.

It is much less easy to express hopes that there will be such a quick return of confidence now. In those days events in Angola, Rhodesia and Mozambique were not stirring the blood of southern Africa's black population. So the restoration of anything like investment normality could be much longer away.

A quick survey of stockbroking opinion has produced answers that are best summed up in the words of Williams de Broe, which considers the situation "sufficiently serious to advise against new investment in South Africa until calm is clearly shown to be re-established in the area, and prices have stabilised at what we believe may be lower than the levels so far reached."

Please Mr. Healey

In the meantime, it is dispiriting to have to record that one of the last three remaining London jobbers in South African gold shares, Stocken and Lazarus, have decided to leave this market. This is nothing to do with Soweto. The main reason is the thin market that has been primarily brought about by the surrender element in the investment currency premium.

This is a factor which brings little return to the Treasury, but which inhibits investment decisions in the whole of the Overseas Sterling Area, including Australia, of course. The market took the broadening of the investment currency premium to include the OSA in its stride. But the introduction of the 25 per cent. rule virtually locked many clients into the market and brought to a halt the implementation of wise investment decisions that would normally have led to the switching from one stock to another.

It is no wonder that the Stock Exchange has been actively seeking the removal of the surrender rule. Even if Mr. Healey is adamant, surely he could go so far as lifting this requirement on switching deals done in the same account. Such a move could well bring Stocken back into the gold share market, untie the hands of investment managers and make London more competitive with overseas centres.

Uranium

One opinion over the week-end was that the shadows over the South African segment could serve to nourish mining investment interest in the Australian section. It was also thought that the revival of doubts about South Africa's long-term stability could make the world's nuclear industry increasingly reluctant to enter into 10 to 15-year contracts with the country's uranium producers, and thus enhance prospects of rivals in such other areas as Australia and Canada doing lucrative deals.

In Australia, the Vital Fox environmental inquiry drags on. As explained here before, Government permissions for uranium export depend on its outcome. The latest fracas has arisen over the commission's desire to make an overseas trip before reaching its conclusions. But at least there seems to be a chance that the report will be issued in two parts, which could speed that on the wider issues by end-August. There are already 10,000 pages of evidence to sift.

The theory propounded here, based on past experience, that Pancontinental always go up when the chairman Mr. Tony Grey is in London, once again proved true. They rose from £12 to £13⅜ before falling back to £13. Of course, it was also a week when there was a lot of brave talk about the future of uranium owing to the presence here of many other world industry leaders for the Uranium Institute meeting. So the market ambience was there.

Mr. Grey is philosophical about the Australian Government's procrastination in allowing the country's uranium finders to go ahead and get down to the business of mining and selling their product, delays which are steadily pushing up capital costs in these inflationary days. He is still confident that Pancontinental will get the required permission in time to set to work by the beginning of the next dry season in the Northern Territory in May of next year in which case production should be achievable by end-1979.

Mr. Grey is also confident that Pancontinental can match the Australian Government's overseas investment guidelines through a deal with Getty Oil which would reduce that company's 35 per cent. stake in the big Jabiluka uranium deposit to 25 per cent. This would nominally mean that Pancontinental itself would have to be 100 per cent. Australian-owned. It is claimed that this could be achieved following Canberra's indication that individual shareholdings of less than 10 per cent. would be ignored in this respect, a move that could put Consolidated Gold Fields Australia's holding on the right side of the blanket.

So what is the verdict on Pancontinental now? It has some enervating days of waiting in front of it before the share stimulating go-ahead news can be forthcoming. But one thing is undeniable:

Although it is not yet in a position actually to clinch any export contracts, management has been doing a tremendous amount of homework in this direction, and is raring to go. Buy on dull days could thus be the best share advice.

* * *

The Selection Trust results for the year to March detailed in our Mining News column on Thursday were hardly a stimulating factor in the shares (455p) which came under the shadow of South African events, although the group is not all that heavily involved in that country.

On a more cheering note, the shares of Amax, the 8.57 per cent. holding which still ranks as a major ST asset, rose to $60 in New York on Friday. This compares with about $45 at the end of last year, a 33 per cent. rise. It is to be hoped that the advance does not tempt ST to sell some more Amax. When it did so the news understandably depressed the ST share price. Reassurance on this point from Mr. Beatty would be welcome.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROBONDS

Quiet market

BY MARY CAMPBELL

WITH many European centres—notably Italy—closed on Thursday, the market was relatively quiet towards the end of the week. U.S. dollar bonds showed a distinctly firmer tendency.

The numbers of new issues which closed were more than compensated for by new announcements, including $110m. worth of ten-year issues and the first dollar convertible Eurobond by an American company since 1973.

Straight new issues were announced as follows: $20m. ("Asian dollars") for five years for Industrial Bank of Japan via Daiwa Securities, indicated coupon 8½ per cent. at a discount; $20m. for five years for NYK International (under NYK Line and Mitsubishi guarantee) via Kleinwort Benson, indicated coupon 8¾ per cent. at a discount; Can.$35m. for six years for Ford Motor Credit of Canada via Goldman Sachs, indicated coupon 9½ per cent; $60m. for Bell Canada for ten years via Union Bank of Switzerland (Securities) indicated coupon 8¾ per cent.; and $50m. for ten years for National Westminster Bank via Credit Suisse White Weld, indicated coupon, 9 per cent.

One floating rate issue, $30m. for five years for Banque de l'Indochine et de Suez via Morgan Stanley was also announced. This will bear interest at the usual quarter point above LIBOR with a floor rate during the first year indicated at 8 per cent.

The U.S. convertible issue was $15m for Raymond International. This seven year issue, being offered via Kidder Peabody, is expected to carry a generous coupon of between 8½ and 9 per cent. balanced by a high conversion premium of some 20-25 per cent.

Despite a generally weaker trend in Canadian dollar bonds, Credit Foncier's issue was being quoted only slightly below its par offering price on Friday after the amount had been raised from $Can.20m. to $25m. The U.S. dollar issues which closed last week were all priced at par. Final terms of Dai-Ei's $30m. convertible included a coupon cut from an indicated 6¾ to 6 per cent., and a conversion premium of 7.82 per cent.

Elsewhere in the market Mitsubishi Chemical has announced plans for a DM80m. convertible. Banque Française du Commerce Exterieur has launched a DM100m. eight year 8½ per cent. issue via Dresdner Bank; and the European Investment Bank is in the market with a DM100m. issue offering 8 per cent. for seven years via an international underwriting syndicate headed by Deutsche Bank.

Colombian banks transfer ruling

BOGOTA, June 20.

A LAW ORDERING foreign banks operating in Colombia to transfer 51 per cent. of their share capital to Colombian nationals within three years is constitutional, a supreme court ruling says.

The ruling affects the First National City Bank of New York, Bank of America, Banco Franco - Colombiano, Banco Frances e Italiano, Bank of London and South America, Royal Bank of Canada and Banco do Brasil, whose total assets in Botoga are worth about $30m., banking sources said.

The ruling rejected an appeal submitted last January by Colombian lawyer German Sarimiento, who held that the law violated the principle of equality of nationals and foreigners under civil laws, the sources said.

The Supreme Court's ruling was in line with an Andean Common Market statute which bans direct foreign investment in commercial banking in Andean countries.

Except for the First National City Bank, which last August warned it might wind up its Bogota operation, the banks have accepted the new law.

Reuter.

Coffee takeover

BY DAVID WHITE

RIO DE JANEIRO, June 20.

LEADING Brazilian coffee and sugar group, Uniao dos Refinadores has announced the takeover of Hills Brothers Coffee Incorporated, described as the biggest specialist coffee distributor in the U.S.

The purchase was made for $38.5m., and the Brazilian company will put up a further $25m. in new capital, according to Sr. Jorge Wolner Atalla, chairman of the Sao Paulo company Copersucar, which holds a controlling interest in Uniao dos Refinadores. Copersucar, primaily a sugar group, has the largest foodstuff interests in Brazil.

Hills Brothers, a traditional family group, is said to hold about 10 per cent. of the coffee distribution market in the U.S., with a turnover last year of around $200m. It recently stopped buying Brazilian coffee in favour of other sources—Colombia has overtaken Brazil as the main source of U.S. coffee—but Sr. Atalla said the company would be launching a new brand, using solely Brazilian grindings, and would import some 2.5m. bags of coffee from Brazil in the next two to three years.

AUSTRALIAN WEEKLY LIST

Australian $	June 18	June 11	Australian $	June 18	June 11
Advertiser Newspaper	†1.65	1.68	Kiwi Int.	†0.92	†0.90
Ansett Transport	†1.10	1.13	M.L.C.	—	3.12
Assd. Securities	†0.43	0.44	Mauri Bros.	†0.80	0.76
Aust. Guarantee	†1.70	‡1.70	Mayne Nickless	†1.55	1.77
Aust. Paper M'nf'rg.	†1.43	1.36	Nylex Corporation	†0.53	0.52
Boral	†2.28	†2.20	Olympic Cons.	†0.56	0.56
Bramble Inds.	†1.61	1.58	Overseas Corporation	†1.50	1.52
Burns Philip	†2.30	2.42	Peterville	†0.28	0.27
Carpenter (W.R.)	†1.50	†1.38	Queensland Cement	†1.44	1.43
Castlemaine Perkins	†3.80	3.90	QBE	†1.08	1.09
Coal & Allied	†2.45	2.55	Rocla Industries	†1.05	1.03
Commercial Bank	—	2.76	Swan Brewery	†1.40	1.41
Commercial Union	—	†0.54	TV Corporation	†4.05	4.15
Commonw'lth Mining	†2.40	2.45	Thiess	†2.32	†2.38
Grace Bros.	†2.16	2.17	Thomas Nat. Trans.	†1.52	1.50
Hardie Asbestos	†5.26	4.82	Tooheys	†1.36	1.40
Herald & Weekly	†2.10	2.05	Travelodge	‡0.30	0.32
Humes	†10.0	10.2	Woodside Burmah	†0.80	0.82

† Buyer ‡ Seller.

TEL AVIV STOCK EXCHANGE

Company	Prices June 20, 1976	Change on the week	Company	Prices June 20 1976	Change on the week
			Investment Companies		
Banking, Insurance and Finance			Bank Leumi Invest	153.5	−5.0
			Discount Bank Invest Br.	170.5	−12.5
Bank Leumi Le Israel	191	+2.5	"CLAL" Israel Invest	205	−1.0
I.D.B. Bankholding	228.5	−0.5	"CLAL" Industries	128.5	−2.5
Bank Hapoalim Br.	243	—			
Union Bank of Israel Br.	239	−5.0	**Commercial and Industrial**		
United Mizrahi Bank	145	—			
Hassneh Insurance Br.	306	+4.0	Alliance Tire & Rubber	550	−25.0
Wolfson Clore Mayer Br.	75	+4.0	Elco Br.	301	−6.0
General Mtge. Bank Br.	176	−3.5	Argaman Textile Br.	235	−9.0
"Tefahot" Israel Mort. Bank Br.	207	−11.0	"Ata" Textile "B"	134	−6.0
			Dubek Br.	415	−30.0
			Elec. Wire & Cable Br.	102.5	−2.0
			Solel Boneh 10% Pref. Br.	125	−7.5
			American Israeli Paper Mills	218	−32.0
			Assis	163.5	−12.5
Land Development			Taal Manuf. of Plywood Br.	100.5	−5.5
Africa Israel Invest. I£10	278	−15.0	Elite	294	−17.0
Israel Land Devel. Br.	101.5	−8.5	Polygon	122	−10.5
Property and Building	155	−36.5	Tera "Keg"	851	−19.0
Mehadrin	515	−30.0			
Public Utility			**Fuel and Oil**		
Israel Electric Corp.	184	−9.0	Delek	208	−2.5

Source: Bank Leumi Le Israel, Tel Aviv.

HONG KONG

Hong Kong $	June 12	Jun. 11
Amalgamated Rubber	1.67	1.65
Bowaters	*14.20	*14.20
Cathay Securities	—	—
China Light & Power	22.00	21.10
City Hotels	30.50	†30.00
Cosmopolitan Properties	1.14	—
Cross Harbour Tunnel	†9.10	—
E. Asia Navigation	4.75	†46.0
Hong Kong Aircraft	40.00	†39.50
Hongkong & Whampoa Docks	9.85	9.70
Hong Kong Electric	4.325	4.225
Hong Kong Kowloon Wharf	16.70	12.50
Hong Kong Land Invest.	6.93	7.00
Hong Kong Shanghai Bank	18.30	18.80
Hong Kong Shanghai Hotels	11.20	11.00
Hutchison International	5.05	5.00
Indonesia Consolidated	—	—
Inter. Pacific Securities	8.60	8.56
Jardine Matheson	20.90	20.00
Jardine Secs.	7.40	7.30
Lombard Insurance	—	1.03
Rubber	1.73	1.68
Sime Darby	6.40	†6.05
Southn. Pac. Prop.	0.66	0.62
Southsea Textile	—	—
Swire Pacific A	9.30	9.20
Textile Alliance	†8.00	—
Textile Corp. of Hong Kong	†3.35	—
Wheelock Marden	2.55	2.325
Wheelock Maritime	†5.50	5.40
Winsor Industrial	2.025	2.10
Wynncor	7.15	†7.00

† Buyer. ‡ Seller. n nominal. xa ex-all. xd ex-dividend.

CORAL INDEX

Close 384-389

SINGAPORE STOCKS

Jun. 18	$	Jun. 18	$
Industrials		Straits Trad'g	8.15
Bous.	†0.25	Tamengoong	—
Boustead Co.	1.75	Times Pub. Berhad	3.10
Boustead Bhd.		U. Engineers	1.25
Dunlop	2.94	U. Ov's. Bk.	4.14
Esso	1.59	Wearne	2.38
Fraser Neave	6.65	Tractor	3.66
Haw Par	susp.	Chemical	4.32
Hume Ind.	1.61	Will'm Jacks	1.30
Inchcape	2.05	**Rubbers**	
Jardine	2.80	Batu Lintang	—
Malay Bwes.	†6.35	Dunl'p Estate	†1.90
Malay Cemt.	—	Kempas	2.56
Mal. Tobacco	†4.30		
Ov's Chin. Bk.	8.65	**Tins**	
Pan Electric	2.23	Austral. Am.	—
Robinson Co.	2.02	Berjuntai	‡12.10
Rothman	3.00	Kampar	†2.15
Shell	—	Kramat	‡3.18
Sime Darby	4.65	Kuchai	—
Cold Storage	3.12	Lower Perak	—
Straits Steam	3.46	Petaling Tin	3.70
Straits Times (1975) Ltd.	†3.16	Sungei Way	—
		Tongkah Har.	—

* Bid. † Buyer. ‡ Seller. xb Ex bonus.

L.G. INDEX—01-351 3466

APRIL-JUNE RUBBER 63.05-63.65

Kohjin calls halt

TOKYO, June

KOHJIN said that it has Japanese securities firms dealers to halt over-the-co (OTC) trading of its com stocks.

Kohjin, which suffered a cial collapse last August ing to rebuild itself with protection through the porate Rehabilitation Law.

The company said the requested suspension of business in its shares is a cautionary step in the lig recent increase in over counter transactions an capital reduction of nearly per cent which is plan within the company's reconst tion scheme, scheduled to s in 1978, it added.

Reuter

Indices

NEW YORK—DOW JONES

	June 18	June 17	June 16	June 15	June 14	June 11	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	1001.80	1003.19	986.62	985.92	981.24	978.80	1011.02 (21/4)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home Bonds	72.71	72.68	72.44	72.40	72.57	72.40	75.60 (22/4)	69.11 (2/1)	—	—
Transport	220.40	218.29	217.57	215.95	217.45	214.74	220.91 (1/6)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	88.16	85.85	86.57	85.70	86.02	85.88	91.80 (4/3)	84.80 (26/5)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	25.720	27.810	21.620	18.440	21.250	18.470	—	—	—	—

	June 11	June 4	May 28	Year ago (approx)
Ind. div. yield %	3.88	3.94	3.89	4.69

STANDARD AND POORS

	June 18	June 17	June 16	June 15	June 14	June 11	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	116.86	116.75	114.79	114.17	114.73	113.52	118.57 (24/3)	101.64 (2/1)	134.64 (11/1/73)	3.62 (30/6/32)
†Composite	103.76	103.61	102.01	101.46	101.36	100.92	103.61 (17/6)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	June 17	June 9	June 2	Year ago (approx.)
Ind. div. yield %	3.41	3.53	3.46	3.73
Ind. P/E Ratio	12.66	12.22	13.59	11.02
Long Gov't. Bond yield	6.69	6.72	6.86	6.71

N.Y.S.E. ALL COMMON

June 18	June 17	June 16	June 15	1976 High	1976 Low
55.25	55.17	51.56	54.04	55.20 (5/4/76)	47.86 (2/1/76)

Rises and Falls	June 18
Issues Traded—1,853	Up—869
Down—556	Same—428
New Highs 136	New Lows 15

		June 18	June 17	June 16	June 15	1976 High		1976 Low	
MONTREAL	Industrials	202.92	202.28	200.34	193.77	207.35	(19/5)	176.62	(2/1)
	Combined	194.81	194.65	192.99	192.69	199.75	(20/5)	172.67	(2/1)
TORONTO	Industrial	190.72	190.68	189.65	189.59	197.45	(20/2)	175.81	(2/1)
JOHANNESBURG	Gold	192.6	192.4	206.5	208.8	229.7	(12/5)	174.4	(5/4)
	Industrials	202.9	204.2	206.9	207.6	213.0	(21/5)	195.6	(2/4)

	June 18	Pre-vious	1976 High	1976 Low
Australia (a)	474.43	473.48	474.48 (16/6)	446.53 (5/1)
Belgium (b)	99.19	96.46	115.18 (5/2)	97.65 (8/6)
Denmark (d)	110.59	110.67	112.22 (9/6)	100.20 (10/3)
France (e)	65.0	67.4	74.3 (5/5)	65.1 (15/6)
Germany (f)	757.9	760.5	821.7 (11/5)	752.0 (25/6)
Holland (g)	94.4	94.3	103.3 (5/2)	91.4 (8/6)
Hongkong (h)	401.35	401.57	465.23 (11/5)	363.85 (2/1)
Italy (k)	78.47	76.15	91.67 (25/2)	72.30 (4/6)
Japan‡ (m)	351.91	354.09	356.11 (16/6)	326.23 (6/1)
Singapore (n)	252.72	242.54	255.16 (5/5)	236.50 (1/1)

	June 18	Pre-vious	1976 High	1976 Low
Spain (p)	89.17	89.36	100.79 (7/5)	85.45 (1/4)
Sweden (q)	462.08	464.50	416.9 (10/6)	385.5 (19/1)
Switz'rl'd (r)	285.1	282.1	290.6 (12/5)	270.3 (4/6)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. * Excluding bonds. * 425 Industrials. † 425 Inds., 40 Utilities and 25 Rails. (c) Closed.

OVERSEAS SHARE INFORMATION

NEW YORK

Investment premium based on $2.60 per £1—118½% (same).

CANADA

JOHANNESBURG

AUSTRALIA

CANADIAN WEEKLY LIST

GERMANY

June 18	Price Dm.	+ or —	Div. %	Yld. %
A.E.G.	90.3	+0.2	—	—
Allianz Versich.	406.5	−4.5	17	2.1
B.M.W.	283.3	−5.7	18	4.1
BASF	168.5	+2.1	14	4.4
Bayer	156.5	+1.6	17	5.2
Bayer Hypo.	277.2	+0.2	20	3.7
Bayer Vereinsbk.	278.5		20	2.9
Commerzbank	182.5	+0.5	18	5.1

PARIS

AMSTERDAM

June 18	Price Fls.	+ or —
Ahold (Fl.20)	104	−1.2
Akzo (Fl.20)	41.9	+0.5
Algem Bnk (Fl.100)	310.5	+2
A.M.E.V. (Fl.10)	65.5	+0.9
Amro Bank (Fl.20)	73	+1

SWITZERLAND

COPENHAGEN

MILAN

OSLO

STOCKHOLM

SPAIN

BRUSSELS/LUXEMBOURG

TOKYO

VIENNA

هكذا من الأرشيف

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is quoted below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

BASE LENDING RATES

Allied Irish Banks Ltd.	10½%	C. Hoare & Co.	†10½%
American Express Bank	10½%	Julian S. Hodge	11½%
Anglo-Portuguese Bank	11 %	Hongkong & Shanghai	10½%
Henry Ansbacher	11 %	Industrial Bank of Scot.	10½%
Banco de Bilbao	10½%	Keyser Ullmann	11 %
Banco de Jerez	12 %	Knowsley & Co. Ltd.	12½%
Bank of Cyprus	11 %	Lloyds Bank	10½%
Bank of N.S.W.	10½%	London & European	11 %
Banque du Rhone S.A.	11½%	London Mercantile	11½%
Barclays Bank	10½%	Midland Bank	10½%
Barnett, Christie Ltd.	12 %	■ Samuel Montagu	10½%
Bremar Holdings Ltd.	11½%	■ Morgan Grenfell	10½%
Brit. Bank of Mid. East	10½%	National Westminster	10½%
Brown Shipley	11 %	Northern Comm. Trust	11 %
Canada Permanent AFI	10½%	Norwich General Trust	11 %
Cayzer, Bowater Co. Ltd.	11 %	Portman Guaranty	9½%
Cedar Holdings	11 %	P. S. Refson & Co.	10½%
Charterhouse Japhet	11 %	Rossminster Accept'ces.	10½%
C. E. Coates	11 %	Schlesinger Limited	11 %
Consolidated Credits	11 %	E. S. Schwab	12 %
Co-operative Bank	*10½%	Security Trust Co. Ltd.	12 %
Corinthian Securities	10½%	Shenley Trust	12½%
Credit Lyonnais	10½%	Standard Chartered	10½%
G. R. Dawes	11½%	Trade Development Bk.	10½%
Duboff Brothers	11 %	Twentieth Century Bk.	12½%
Duncan Lawrie	10½%	United Bank of Kuwait	10½%
English Transcont.	11 %	Whiteaway Laidlaw	11½%
First London Secs.	10½%	Williams & Glyn's	10½%
Antony Gibbs	11 %	Yorkshire Bank	10½%
Goode Durrant Trust	10 %	■ Members of the Accepting Houses Committee.	
Greyhound Guaranty	10½%	* 7-day deposits 6½%, 1-month deposits 6½%.	
Grindlays Bank	‡10½%	† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½% and over £25,000 7½%.	
Guinness Mahon	10½%	‡ Demand deposits 8½%.	
Hambros Bank	10½%	§ Call deposits over £1,000 6½%.	
Hawtin & Partners	13 %		
Hill Samuel	§11 %		

FINANCIAL TIMES STOCK INDICES

	June 18	June 17	June 16	June 15	June 14	June 11	A Year ago
Government Secs.	62.55	62.49	62.59	62.42	62.23	62.53	58.12
Fixed Interest	62.12	61.91	61.95	61.96	61.78	61.81	67.73
Industrial Ordinary	386.9	379.8	385.0	381.5	378.1	378.7	328.6
Gold Mines	167.0	170.0	184.9	191.0	187.5	191.3	385.7
Ord. Div. Yield	5.55	5.65	5.57	5.62	5.65	5.64	6.15
Earnings Y'ld% (full)(a)	15.76	16.01	15.81	15.95	16.07	16.04	18.16
P/E Ratio (net) (a) (b)	9.40	9.25	9.37	9.29	9.22	9.24	7.88
Dealings marked	4,184	4,208	4,382	4,610	4,583	4,036	4,588
Equity turnover £m.	—	44.19	40.79	86.33	38.89	48.96	38.50
Equity bargains total	—	9,634	10,202	11,003	9,890	11,678	11,575

10 a.m. 381.5. 11 a.m. 382.8. Noon 384.8. 1 p.m. 386.5. 2 p.m. 386.4. 3 p.m. 386.5.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=9.32.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS / S.E. ACTIVITY

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1/76)	60.19 (2/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	59.75 (2/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5/76)	364.7 (2/6/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	140.1 (5/4/76)	442.3 (22/5/75)	43.5 (26/10/71)

	June 18	June 17
Daily—		
Gilt-Edged	127.0	140.0
Industrials	128.6	135.4
Speculative	39.5	49.2
Totals	93.9	95.8
5-day Av'rge.		
Gilt-Edged	148.9	151.1
Industrials	140.3	141.0
Speculative	50.3	45.8
Totals	99.7	99.3

FT—ACTUARIES INDICES

	June 18	June 17	June 16	June 15	June 14	June 11	A year ago
Industrial Group	152.94	151.11	153.53	151.94	152.17	150.74	133.43
500 Shares	171.18	168.98	171.17	169.70	169.81	168.22	146.62
Div. Yield pc	5.75	5.82	5.75	5.80	5.79	5.84	6.05
P/E Ratio (net)	10.33	10.21	10.35	10.28	10.33	10.23	7.25
All Shares	159.33	157.20	159.52	157.89	157.84	156.55	144.78
Consols Yield pc	14.00	13.99	13.89	13.98	14.17	14.06	14.75

OFFSHORE AND OVERSEAS FUNDS

NOTES

● NEWS ANALYSIS ON A $12bn. A YEAR TRADE

Arms and the salesman

BY MALCOLM RUTHERFORD

THE VALUE of the international arms trade is running at between $10-12bn. a year and is likely to continue to expand rapidly.

This is one of the reasons why the Government has approved the British Army Equipment Exhibition, which opens in Aldershot to-day. The other is the fear that, if Britain does not visibly push its arms sales, a potentially enormous contribution to the balance of payments will be lost—especially to the French.

A little less than half of the world's armaments exports last year went to the third world, and well over half of that went to the Middle East.

In the competition for third world markets, the U.S. came out first, with sales worth $1.77bn. at constant (1973) prices. The Soviet Union was second, with $1.65bn. Britain was a poor third with $500m., but still ahead of France, with $477m.

Middle East

Although Middle East markets are the most lucrative, it is worth noting that no fewer than 95 countries last year imported major weapons.

The boom goes back, like so many other things, to the Yom Kippur war of 1973.

Middle East arms spending had been increasing much more rapidly than that of the rest of the world for many years before that. In the 1950s, for example, the average annual rate of increase was 11.5 per cent.

Since 1961, however, it has been 19.5 per cent., and the really startling increase began around 1972, shortly before the Yom Kippur war was launched.

By 1974, 16 per cent. of the combined Middle East GNP was being spent on defence. Israel was contributing 32 per cent. of its GNP, Egypt nearly 23 per cent., and Iraq, Jordan, Saudi Arabia and Syria all around 15 per cent. (U.S. defence expenditure is around 6 per cent. of GNP.)

The Yom Kippur war was a watershed in many ways. It showed the deficiencies in many conventional armaments and hence the need for improvements.

It demonstrated Arab power in that the contesting Arab states fought relatively well, and the increase in oil prices demonstrated Arab power even more.

It gave the Arabs the money to pay for new weapons and the financial power almost to insist that the West should deliver.

At the same time, the U.S. in particular was not prepared to deliver to the Arab states alone. To preserve the balance of power, Israel also needed new weapons systems. The result was a general escalation in the sort of arms being supplied to the area.

There was also a ripple effect. Iran was not a participant in the war; neither were the Gulf states. But both had already been building up their armed forces and both had oil revenues.

They began to demand, and receive, much more advanced equipment than had been the case in the past. Britain and France especially began to drop previous inhibitions about exports, and Mr. Roy Mason, the British Defence Secretary, has stressed several times that defence exports create jobs at home.

With the major exception of Israel, Middle East countries do not have the ability yet to develop or manufacture weapons systems of their own, but they do have the money to buy them.

One consequence of this abundance of money, but absence of technology, has been suggestions that some oil states, notably Iran and Saudi Arabia, might fund the research and development of weapons programmes which the U.S. regards as beyond its own resources.

This could lead to a situation where the buyer country has more advanced weaponry than the country which produced it. In the British case, this is already happening. The 1,200 improved Chieftain tanks which Britain is selling to Iran for over £500m. will have an engine which the British cannot afford for their own tanks. It will be fitted with the new Chobham armour which, although it is said to be a revolutionary British development, will not be available to the U.K. Army until the late 1980s.

U.S. credibility

In the longer run, it is possible that the Arab countries will follow the example of the Israelis and become producers in their own right.

The Israelis have produced an advanced fighter aircraft, known as the Kfir, which was derived from imported technology and now competes on world markets. There is a great deal of Arab money behind a plan to build an indigenous arms industry in Egypt which could, conceivably, go the same way.

For the moment, however, the British and the French are simply competing to build it. Only the Americans retain a degree of credibility when they say that their arms supply policy is related to the balance of power as well as the balance of payments.

Figures taken from World Armaments and Disarmament SIPRI Yearbook 1976, MIT Press, 126 Buckingham Palace Road, London, S.W.1.

World bulk carrier surplus forecast

BY JOHN WYLES, SHIPPING CORRESPONDENT

A warning that world shipping is heading for a bulk carrier surplus almost as serious as the present tanker crisis comes to-day as representatives of the tanker industry gather in London for further talks on their predicament.

The prediction that bulk carrier over-capacity could be as much as 25m. deadweight tons by 1980 has been made by Mr. John Stapleton, Director of the Maritime Transport Research Section of the Shipbuilders and Repairers National Association. His grim forecast is based on one of the most comprehensive analysis of the movement of raw materials ever made which shows that previous levels of growth in this sector of world shipping will be halved by 1985.

MTR's study, published to-day, reveals that the phenomenal growth of Japanese manufacturing between 1965 and 1972, averaging 12.2 per cent. a year, accounted for 73 per cent. of the growth in seaborne trade of raw materials during the same period.

A critical factor which will reduce the importation growth rate is, according to MTR's study, a likely downturn in Japan's construction industry whose growth rate will fall from the 13 per cent. per annum in the 1960s to about 4.5 per cent. per annum in 1985. This will cut the demand in Japan for steel and forest products which, as well as a probable limited growth in car manufacturing and an actual fall in shipbuilding's demand for steel, indicates that the growth of raw materials shipment into Japan will fall from the 8 per cent. per annum established in the 1960s to around 4 per cent. in 1985.

"Dry Cargo ship demand to 1985" Vol. 3. Raw Materials, published by Maritime Transport Research from Graham and Trotman Ltd., 20, Soubert's Place, Regent Street, London, SW1V 1HH, price $175 or £95

Week in Parliament

TO-DAY: Expenditure: General Sub-committee developments in the Civil Service since the Fulton Report. Witnesses: Mr. S. Henig, Civil Service College; Joint Consultative Committees, trade union side.

TO-MORROW: Direct elections to the European Assembly. Witnesses: Home Office.

WEDNESDAY: Expenditure: Environment Sub-committee planning procedure. Witnesses: DoE. Social Services and employment Sub-committee preventive medicines. Witnesses: Faculty of Community Medicine: Society of Community Medicine.

THURSDAY: Science and Technology: Science Sub-committee industry and scientific research. Witnesses: Cranfield Institute of Technology at Bedford. Race relations and race relations and immigration: the West Indian community. Witnesses: Association of Chief Police Officers: Post Conference Constituent Committee.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Int. Laundry, Cleaning Equipment Ex. (cl. June 24)	Nat. Exbn. Centre, B'ham.
June 22—25	Royal Highland Show	Edinburgh
June 24—26	Postal History & Postcard Exhibition	Park Lane Hotel, W.1
June 28—July 2	American Furniture and Furnishing Exbn.	U.S. Trade Center, W.1
June 30—July 1	Royal Norfolk Agricultural Show	Norwich
July 1—4	Caravan and Leisure World '76	Blackpool
July 5—8	Royal Agricultural Show	Kenilworth
July 9—17	Ideal Home Exhibition	Huddersfield
July 15—17	BMA Pharmaceutical Exhibition	Bloomsbury Centre, W.C.1
July 18—20	Hairdressers and Beauticians Trade Fair	Royal Lancaster Hotel, W.2
July 18—22	Harrogate Gift Fair	Harrogate
July 20—22	Royal Welsh Show	Builth Wells
July 25—Aug. 1	International Cycle Show	Harrogate

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Chemical Engineering Exhibition (cl. June 26)	Frankfurt
Current	Int. Plastics and Rubber Exhibition (cl. June 26)	Milan
To-day	International Foundry Exhibition (cl. June 25)	Brno
June 22—26	International Diecasting Exbn.	Basle
June 22—26	International Wire Exhibition	Basle
June 22—July 10	International Trade Fair	Tel Aviv
June 23—July 4	International Home Fair	Naples
June 29—July 2	Danish Agricultural Exhibition	Herning
July 1—4	Zambia International Trade Fair	Ndola
July 1—15	Malta International Fair	Naxxar
July 4—8	International Catering Trade Fair	Sydney
July 6—9	Safety, Security and Fire Prevention Exhibition	Dublin
July 12—16	National Housewares Exhibition	Chicago
July 17—25	National Boat Show	Melbourne
July 24—28	International Jewellery Trade Fair	New York
July 25—31	Int. Biochemical Exbn. & Congress	Hamburg

BUSINESS AND MANAGEMENT CONFERENCES

June 22	IPC: European Freight Transport	Cafe Royal, W.1
June 22—23	Lenorfern: Exposing the Export Myth	Greenwood Centre, E.C.3
June 23	Hull C.C.: Develop. & Inv. Opportunities in Hull	Connaught Rooms, W.C.2
June 24—25	PCL: Public Spending and British Industry	London Polytechnic, W.1
June 25	Guardian: Contracts, Dismissals and Redundancy	Park Court Hotel, W.2
June 25	Oyez: Tax Consequences of Property Transactions	Royal Lancaster Htl., W.2
June 28—30	Financial Times, The Voice of the Nation, Thai Airways International: Asian Business Briefing	Indra Regent Hotel, Bangkok
June 28—29	Bradford Univ.: Industrial Marketing Planning	Novotel, Bradford
June 28—July 2	P-E Cons. Grp.: Planning & Control of Production	Training Centre, Egham
June 28—July 2	Kepner-Tregoe: Decision Making for Senior Man.	Bournemouth
June 29	Assoc. Certified Accountants: Tax Planning	Bonnington Hotel, W.C.1
June 29	InComTec: Dismissal Law and Practice	Hilton Hotel, W.1
June 29—30	Imp. College: Distribution Management Science	Imperial College, S.W.7
June 30	BIM: Legal Protection for Employees	Bramhope, Nr. Leeds
July 1	I.B.A.: Exec. Remuneration and Fringe Benefits	Hilton Hotel, W.1
July 4—8	ICMA: Physical Distr. Man. & Accountancy	North London Polytechnic
July 5—7	IPM: Manpower Planning in Practice	Whites Hotel, W.2
July 5—9	Urwick: Finance for the Non-Fin. Executive	Urwick Centre, Slough
July 6—7	Financial Times and Investors Chronicle: The Outlook for Commodities	Royal Lancaster Hotel, W.2
July 6—7	Gastech: Roll-on/Roll-off Marine Transport	Hilton Hotel, W.1
July 8—9	Financial Times: Nuclear Power and the Public Interest—the Implication for Business	Royal Lancaster Hotel, W.2
July 12—16	Abraxas: Synetics-Problem Solving and Managing	68, Churchway, N.W.1
July 13—15	Financial Times, Investors Chronicle: Finance and Scotland	Aberdeen University
July 14	LCCI: Australia—Industrial Opportunities	69, Cannon Street, E.C.4
July 14	Economic Models: Europe, U.S. and Japan to 1981	30, Old Queen St., S.W.1
July 15	Henley Centre: World Energy & the Oil Producers	Carlton Tower Hotel, S.W.1
July 20—21	WTI: Pluton Industrial Relations Exercise	World Trade Centre, E.1
July 21—24	Br. O'seas Trade Board: Developing O'seas Trade	Henley

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

COMPANY MEETINGS—
Brown, Muff, Bradford, 11
Clarke (Clement), Mandeville Hotel, W. 12
Cosalt, Grimsby 12
Early (C.) and Marriott (Witney), Witney, Oxfordshire, 2.30
Marshalls Universal, 465, Purley Way, Croydon, 12
Tove and Co., Connaught Rooms, WC, 12
Tripleveat, 117 Old Broad Street, EC, 12
United Capitals Investment Trust, Cardiff, 12.30

BOARD MEETINGS—
Finals:
Attwood Garages
Brown and Tawse
Caffyns
C.H. Industrials
Dawson International
Dimplex Industries
Joseph (Leopold)
Paterson (R.)
Sterling Industries
Warnford Investments
Whitecroft
Interims:
Fenner (J. H.)
Great Northern Investment Trust
Lee (Arthur)

DIVIDEND & INTEREST PAYMENTS—
Avon Rubber 1p
Brown Muff 2.5025p
Clarke (Clement) 1.245p
Essex Water Dbs. 1½pc 2pc 2½pc 3½pc 3½pc
House of Lerose 1.54835p
London and Provincial Shop Centres 0.2739p
Porto Alegre Gtd. 5pcGtd.Bds. Plan A 2½pc
Sakers Finance and Investment Pf. 2½pc
United Capitals Investment Trust 0.525p
Wemyss Investment 2.8p

TO-MORROW

COMPANY MEETINGS—
Albany Investment Trust, Liverpool, 2.30
Beralt Tin and Wolfram, 7, Rolls Buildings, Fetter Lane, EC, 12
Bodycote International, Manchester, 12
Booth (International), Piccadilly Hotel, W. 12
Lafarge Organisation, Windsor, 10.30
Costain (Richard), St. Ermin's Hotel, S.W., 12
Duport, Birmingham, 12.30
Ellerman Lines, 30, St. Mary Axe, EC, 12
Foseco Minsep, 36, Queen Anne's Gate, SW, 12.30
Runciman (Walter), 52, Leadenhall Street, EC, 12
SPR Investments, 20, Aldermanbury, EC, 11
Walker (C. W.), Birmingham, 12

BOARD MEETINGS—
Finals:
Associated Leisure
Beechwood Construction
Bradford Property Trust
Brown (N.) Investments
Bulmer and Lumb
Evans of Leeds
Hambros
Imperial Continental Gas Association
Ingleton and Lamberts
Plessey
Powell Duffryn
Property Holdings and Investment Trust
Tecalemit
Interims:
Allied Breweries
Henlys

DIVIDEND & INTEREST PAYMENTS—
Albany Investment Trust 0.585p
Belfast 7½pcBds. Red. 22/12/76 3¾pc
British Printing Lns. 3½pc 4½pc 4¾pc
Duport 2.17412p
Massmutual Mortgage and Realty Investors 28cts
Selected Risk Invests. S.A. 25cts

WEDNESDAY, JUNE 23

COMPANY MEETINGS—
Brixton Estates, 22, Ely Place, EC, 12.15
Dixor, Epsom, 12
Estate Duties Investment Trust, 91, Waterloo Road, SE, 10.45
Harcros Investment Trust, 1-4, Great Tower Street, EC, 12
London and Lennox Investment Trust, 2, St. Mary Axe, EC, 11.30
Newmans Tubes, Birmingham, 12.30
Panto (P.), Eastbourne, 12
Seccombe Marshall and Campion, 7, Birchin Lane, EC, 3.30
Sheffield Twist Drill and Steel, Sheffield, 12
Tootal, Manchester, 12
Towles, Loughborough, 12
Trust Union, Winchester House, EC, 2.30
Wade (Charles), Oldbury, Warley, 10.30

BOARD MEETINGS—
Finals:
Allen (Edgar) Balfour
Continuous Stationery
Cropper (James)
Lloyd (F. H.)
London and Overseas Freighters
Mansfield Brewery
M.K. Electric
Tesco Stores
Trident Group Printers
Vernon Fashion

Interims:
Carliol Investment Trust
Leyland Paint and Wallpapers
Lookers
Mank Securities
Tyneside Investment Trust

DIVIDEND & INTEREST PAYMENTS—
Aberdeen 11½pcBds. Red. 23/6/76 £5.9075
Beaconsfield 11½pcBds. Red. 23/6/76 £5.9075
Berwick-upon-Tweed 11½pcBds. Red. 23/6/76 £5.9075
Brentwood 11½pcBds. Red. 23/6/76 £5.9075
Broxtowe 11½pcBds. Red. 23/6/76 £5.9075
Cannock Chase 11½pcBds. Red. 23/6/76 £5.9075
Carborundum 22.5cts
Central Scotland Water Development Bd. 11½pcBds. Red. 23/6/76 £5.9075
Clydebank 13½pcBds. Red. 23/6/76 £7.0896
Cotswold 11½pcBds. Red. 23/6/76 £5.9075
Derwentside 11½pcBds. Red. 23/6/76 £5.9075
East Hertfordshire 11½pcBds. Red. 23/6/76 £5.9075
Estates Duties Investment Trust 4.2p
Fenland 11½pcBds. Red. 23/6/76 £5.9075
Goodrich (B. F.) 28cts
Greater London 11½pcBds. Red. 23/6/76 £5.9075
Guildford 11½pcBds. Red. 23/6/76 £5.9075
Harlow 11½pcBds. Red. 23/6/76 £5.9075
Lincoln 11½pcBds. Red. 23/6/76 £5.9075
Luton 11½pcBds. Red. 23/6/76 £5.9075
Nottingham 11½pcBds. Red. 23/6/76 £5.9075
South Glamorgan 11½pcBds. Red. 23/6/76 £5.9075
South Northamptonshire 11½pcBds. Red. 23/6/76 £5.9075
Spencer Turner and Boldero 7.386p
Walker (C. and W.) 1.38125p
Wandsworth 11½pcBds. Red. 23/6/76 £5.9075
Watford 11½pcBds. Red. 23/6/76 £5.9075
Wigan 11½pcBds. Red. 23/6/76 £5.9075
Woodspring 11½pcBds. Red. 23/6/76 £5.9075
Wrekin 11½pcBds. Red. 23/6/76 £5.9075
Wycombe 11½pcBds. Red. 23/6/76 £5.9075
Ynys Mon Isle of Anglesey 11½pcBds. Red. 23/6/76 £5.9075

THURSDAY, JUNE 24

COMPANY MEETINGS—
Anglo-Portuguese Bank, 7, Bishopsgate, EC, 12
Crane Fruehauf, Connaught Rooms, WC, 12
De Vere Hotels and Restaurants, Connaught Rooms, WC, 12
Edinburgh Industrial Holdings, Connaught Rooms, WC, 12
Embankment Trust, 21, Moorfields, EC, 12.15
Flight Refuelling, 9, Little Trinity Lane, E.C., 12
Folkes (John) Hefo, Birmingham, 12
General Scottish Trust, Edinburgh, 11.30
Globe Investment Trust, Electra House, Victoria Embankment, WC, 12.15
Hoveringham Group, Hoveringham, Nottingham, 12
Hunting Associated Industries, 118-127, Park Lane, W, 12.23
Lead Industries, 14, Gresham Street, EC, 12
Mallinson (William) and Denny Mott, 130, Hackney Road, E, 12
Morgan Crucible, St. Ermin's Hotel, SW, 11.15
Park Farms, Nottingham, 12
Reed (Austin), 1E, Sackville Street, W, 12
Slingsby (H. C.), 100, Old Broad Street, E.C., 10.30
Sphere Investment Trust, Winchester House, EC, 12
Steel Bros., Dorking, 12
Tronoh Mines, 7, Rolls Buildings, Fetter Lane, EC, 12
Turriff Corporation, Warwick, 12
Wettern Bros., Croydon, 10.30

BOARD MEETINGS—
Finals:
Anderson Strathclyde
Associated Television Corporation
Austin (E.) and Sons (London)
Borhat Tea
British Steam Specialties
British Tar Products
Burtonwood Brewery (Forshaws)
Celestion Industries
Davis (Godfrey)
Graham Wood Steel
Lyons (J.)
Northern Securities
Racal Electronics
Readmore
Russell Bros. (Paddington)
Shaw Carpets
Stonebridge Engineering
Stead and Simpson
Trustees Corporation
Unerman Holdings
Interims:
Berisford (S. and W.)
Castlefield (Klang) Rubber
Killinghall (Rubber) Development Syndicate
Pleasurama
Throgmorton Trust

DIVIDEND & INTEREST PAYMENTS—
Abbey Panels 1.3p
Direct Spanish Telegraph 2.75p
Dolan Packaging Ln. 4½pc
Greenbank Industrial Hldgs. 2p
Halliburton 14cts
Hurst (Charles) 2.716p
Johnson and Firth Brown Ln. 4½pc
Manchester 4pcIrrd. 2pc. Do. 3pcRed. Cons. 1920 1½pc
Metropolitan Water Board Kent W.W. 3pcDb. 1½pc
Newman Tubes 2.43833p
Scottish Mortgage and Trust 1.7p
South Wales Cinemas 1p
Trust Union 1.2p

FRIDAY, JUNE 25

COMPANY MEETINGS—
Aberdeen Construction, Aberdeen, 12
Ayrshire Metal Products, Ayrshire, 4.30
Coats Patons, Glasgow, 12
East Surrey Water, Redhill, 10.30
French Kier, Waldorf Hotel, WC, 11
Harrison (James), Edinburgh, 12
Henderson (P. C.), Hornchurch, Essex, 12
Inter-City Investment Group, Winchester House, EC, 10.30
Pritchard Services, Winchester House, EC, 12
Scottish Ontario Investment, Edinburgh, 12.30
Silentnight, Manchester, 11
Tebbitt Group, Le Coq d'Or Restaurant, W, 12.15
Tysons (Contractors), Liverpool, 12

BOARD MEETINGS—
Finals:
Brown (J.)
Pullman (R. and J.)
Rediffusion
Scapa Group
Somic
Interims:
Nash (J. F.) Securities

DIVIDEND & INTEREST PAYMENTS—
Aberdeen Trust 1.167p
Anglo-African Finance 0.75p
Ayrshire Metal Products 1.9837p
Bishopsgate Trust 2.9p
Cambrian and General 2p
Capseals 0.70005p
Casket (S.) 0.75p
Chesebrough-Pond's Inc. 19cts
City of Oxford Investment 1.875p
Cope Allman International 1p
Crane Fruehauf 0.43679p
Franklin Mint 15cts
Glaxo 3.15p
Hepworth (J.) and Son A and B 0.65p
Lyndale Engineering 0.715p
Nathan (B. and I.) 1.725p
Peters Stores 1.975p
Pfizer Inc. 21cts
Sphere Investment Trusts 1.25p
Turriff Corporation 3.7812p
Tysons (Contractors) 1.925p
United States Trust Invest. Fund. 10cts
Whessoe 1.525p

SATURDAY, JUNE 26

DIVIDEND & INTEREST PAYMENTS—
East Surrey Water Ord. A 7pc (fmly. 10pc) Max. 3.5pc. Do. Ord. B 4.9pc (fmly. 7pc) Max. 2.45pc. Do. Ord. C 3.5pc (fmly. 5pc) Max. 1.75pc. Do. 3.5pc (fmly. 5pc) Pf. 1.75pc. Do. 3.15pc (fmly. 4½pc) Red. Pf. 1980-85 1.575pc. Do. 4.2pc (fmly. 6pc) Red. Pf. 1985-90 2.1pc. Do. 4.55pc (fmly. 6½pc) Red. Pf. 1981-83 2.275pc. Do. 5.6pc (fmly. 8pc) Red. Pf. 1992-94 2.8pc
Glenmurray Investment Trust 0.60p
Wadham Stringer 0.715p
Walker (C. and W.) 5.25pcPtg.Pf. 4.227pc

INSURANCE

Bringing cover up-to-date

BY ERIC SHORT, INSURANCE CORRESPONDENT

PUBLICATION of June's retail price index on Friday confirmed that the rate of inflation is coming down rapidly. The news was greeted with relief and jubilation and will certainly ease many of the problems faced by insurers.

One outstanding headache, however, is still the under-insurance of personal household cover, and last week another major insurance company—the Commercial Union—revealed its latest plan for solving this problem. Like others, it relies on index-linking to keep insurances on buildings and house contents up to date.

This subject has been dealt with many times in this column but it is so important that I make no apology for bringing it up again. The damage wrought by the storms in January brought home to many people the financial consequences of under-insurance, and the claims departments of all insurers had to cope with some heart-breaking cases.

Many people, however, are procrastinators when it comes to insurance and news that inflation is falling can induce a feeling that all is well again consequently delaying decisions to increase cover.

Reaction by policy-holders is straightforward: bring the sum insured up to the current value of the house and its contents and keep it at that current level. Quite simple to write about, but in practice such action is a considerable chore.

Most individuals would not know where or how to start and the insurance companies can do a lot to get the policy-holder started by describing in simple language steps that should be taken.

Most companies and the British Insurance Association have done a lot on these lines by issuing explanatory pamphlets on what is required. The CU has included among its literature being sent to all policy-holders a very neat simple guide to the problem of valuation. The individual's task can be divided in two: the buildings and their contents.

Cover required for the house itself has to be based on the cost of rebuilding in the event of a complete disaster and not on the value that the house would sell for. There is a considerable difference at present between the two figures. The suggested method is to measure the floor space of the house and CU put average rebuilding costs at £18 per square foot.

If the house is not an awkward shape, all the individual need do is measure the exterior length and width of the ground floor. CU's leaflet contains a ready-reckoner table from which the value can be read off within these measurements and allowing for the number of storeys in the house. The leaflet reminds people that central heating, extra buildings such as garages or greenhouses demand the addition of a separate assessment.

Indemnity

With contents, the policy-holder has no alternative but to go from room to room putting a price on each article therein, and adding up the total. The CU leaflet sets out as an example the cost of re-equipping an average kitchen at to-day's prices—and arrives at a figure of £855. Overall, CU estimates that the current value of all contents in an average three-bedroom house is £5,665. Policy-holders may get a shock if they compare this with their present sum insured. Many people think £3,000 is ample.

This value is obviously one where a policyholder has taken out a "new for old" type of cover with each damaged item being replaced by a new one. I would recommend individuals to have this type of cover despite the higher premiums, rather than the indemnity type which allows for wear and tear.

Even if policy-holders do have the latter contract however, they should still bring their cover up-to-date and this poses more of a problem. It is straightforward to find the cost of a new cooker, more difficult to put a value on one that is three years old.

Keeping cover up-to-date would normally mean going through this exercise every year when the policy comes up for renewal. But the insurance companies are lifting the need for a repeat by linking the sum insured to an index so that once the policy-holder has the correct sum insured, it will automatically remain at the correct level by being adjusted in line with movements in the index.

The CU, in common with many other insurance companies has linked contents to the durable goods section of the RPI and buildings to the building housing cost index compared each month by the Royal Institution of Chartered Surveyors. Thus, if each index moves 10 per cent. over the next year, the sum insured and the premiums will be increased automatically by 10 per cent.

In fact, the sum insured will be revised monthly, but policy-holders will pay the higher premium at the next annual renewal date.

Insurance companies have put a lot of thought and effort into tackling this problem of under-insurance, but at the end of the day it is up to the individual to take the necessary action. The CU looking at the experience of other companies reckons it will have done a successful job if it gets a 30 per cent. positive response from its policy-holders. In its literature it sets out a table showing the average increase in costs over the past few years ranging from 10 per cent. over one year to 60 per cent. for three and a-half years.

If policyholders, who cannot be bothered to go through the proper exercise, use the percentages given in the table, they will at least substantially reduce their under-insurance. CU admits that this is no real substitute for a new valuation, but being realists they accept that such action is preferable to none.

Finally the CU is adopting the course that other insurance companies have taken in making inertia work for it. The individual has to inform CU if he does not want the sum insured index-linked by signing the appropriate form and returning it. If he does nothing, CU will assume that he desires index-linking.

THE JOBS COLUMN

Engineers · Life scientists

BY MICHAEL DIXON

TO ADD weight to this column's previous criticism of the stupid way this country educates and treats its engineers, I quote the following longish comment:

"The most able and competent students are found (in Britain) in the older ... universities which teach engineering science and whose research work is mainly of a scientific nature. These universities teach little, if any, engineering practice; nor do they provide their students with a realistic preparation for careers as professional engineers. The former colleges of advanced technology ... have on average less able students: they aim however to be practical and useful, but, apart from the work experience on which they still insist for their sandwich-course students, their courses and methods differ little from those of the engineering science courses of the older universities.

"The polytechnics, aspiring to fill a comprehensive and relevant need, seem unlikely to be able to attract the quality of students or to provide the type of education and training essential at the higher level of technical education. Throughout the whole system, the influence is felt of the national and traditional belief in the virtues of institutional freedom and self-government, of ambivalent university aims and values (whether to educate, or to train for a profession) and of the still powerful national faith in the practical benefits of scientific research. (For the engineer scientific research is research in which the cart is before the horse—research without a clearly defined market need.)

"Virtually none of the new or expanded engineering departments have developed high level courses in engineering practice of the Continental type, nor do courses seem to have been developed comparable with the very practical, but less scientific, courses of the Continental technical colleges. The teaching of engineering practice has been for the most part left to industry, or to consulting engineers; and for most engineering graduates in the manufacturing industries, this teaching of engineering practice has been poorly done, to the overall detriment of the engineering profession and of industry."

That exposure of the huge misapplication of public funds by the teaching institutions comes, not from any lay observer, but from Alex Chisholm, Professor of Mechanical Engineering at Salford University. Since this appalling state of affairs is known about both inside and outside the education system, readers may care to ask why nothing is as yet being done to correct it in what has been called an undeveloping country.

PHIL ROGERS, managing director of Hazleton Laboratories Europe, is in the market for several senior people at salaries from £12,000 to £4,000. Based in Harrogate, Hazleton is a commercial research concern working mainly in the life sciences for pharmaceuticals and chemicals companies.

One is a director of toxicology with sufficient specialist and management experience to lead the company's safety-evaluation team. A second is an inhalation toxicologist. A third is a veterinary pathologist, and a fourth a rodent toxicologist.

But Mr. Rogers (Otley Road, Harrogate HG3 1PY—Telephone 67285) would like to hear not only from people qualified for the above jobs, but from others who feel their training and experience qualifies them to contribute in some other way. "We have established such a growth pattern that almost any applications, not strictly for defined vacancies, would be of interest," he says.

RECRUITER Michael Silverman is looking for an experienced executive selector and head hunter to join him at Merton Associates (Consultants). Rewards for the job are estimated at £10,000 to £15,000, but Mr. Silverman says that how this will be paid will depend to a large extent on what suits the successful applicant. His initial idea is of a package including basic salary, up to half the fee income produced by the newcomer, plus expenses. His address is Regina House, 1-5 Queen St., London EC4N 1FP. Tel. 01-248 7421 or, for answering service, 01-248 1344.

THE BIRMINGHAM-based consultant John Anderson is offering two jobs with concerns in Kuwait.

The first is for an adventurous person under 35 to join the Bahman Trading Corporation which deals in, among other things, a wide range of building products. Selling these to various outlets, primarily in the Gulf States, the new merchant will be paid a tax-free salary of about £5,000, plus tax-free commission of up to as much again. Car and bachelor accommodation provided.

The second is for a qualified mechanical engineer with the Boodai merchant trading and construction concern. The main task at the outset will be supervising the construction of a Vianova-type asphalt plant in Saudi Arabia and seeing to the effective training of people to operate it. This will be followed by other assignments in Kuwait and the Gulf States.

Mr. Anderson expects candidates to have experience in setting up or running asphalt or concrete plants, and would prefer someone who also had knowledge of electrical engineering. He quotes an age range of 30-40. The salary will be about £8,000 to £10,000 tax free, with married quarters and car thrown in as well.

Applications for either job to John Anderson, John Anderson and Associates, Canterbury House, 85 Newhall Street, Birmingham B3 1LH. Tel. 021-233 2298.

FINALLY an open note to the numerous people who have written insulting me in various ways for my speculation that, since Skipton in Yorkshire is on the wrong side of the Pennines, the natives may be somewhat uncultured. I was, of course, joking. As a Lancastrian I know that Yorkshiremen have many sterling abilities, such as that of amassing large sums of it and seldom spending any.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
15F	15A	Treasury 6½pc 1976	99	9.1	6.55	11.04
1M	1S	Victory 4pc 1976	98⅝	26.1	4.04	—
14J	14D	Treasury 10½pc 1976	100	10.5	10.49	10.31
10S	10M	Treasury 6¾pc 1977	97	2.2	6.43	10.34
15S	15M	Electric 3pc '74-77	95¾	9.3	3.13	9.09
26M	26S	Treasury 11½pc '77	100⅜	18.2	11.46	11.06
15M	15N	Treasury 3pc '77	94⅜	8.4	3.18	7.27
20J	20D	Transport 4pc '72-77	95	14.5	4.22	7.45
15S	15M	Treasury 9pc 1978	96⅝	9.3	9.32	11.15
14J	14Ju	Treasury 10½pc '78	99	7.6	10.57	10.99
26M	26S	Exchequer 5pc '76-78	92	16.2	5.43	8.95
9S	9M	Treasury 11½pc '79	100¼	2.2	11.47	11.35
17M	17S	Treasury 3pc '79	87⅝	9.3	3.42	7.35
26M	26S	Electric 4¼pc '74-79	88¼	18.2	4.82	8.42
1M	1N	Treasury 10½pc '79	97	22.3	10.79	11.45
15M	15N	Electric 3½pc '76-79	87⅝	6.5	3.99	7.69
3S	3M	Treasury 9pc 1980	92	26.1	9.70	11.43
14N	14M	Treasury 9½pc '80	93	7.7	10.17	11.55
15D	15J	Treasury 3½pc '77-80	95	10.5	4.09	7.20
15D	15J	Funding 5½pc '78-80	89½xd	10.5	5.93	8.73
15J	15Ja	Treasury 11½pc 1981	99	8.6	11.59	11.76
15A	15F	Treasury 3½pc 1979-81	82	9.1	4.27	8.22
1O	1A	Treasury 9¾pc 1981	92⅛	—	10.58	11.94
		Five to Fifteen Years				
15J	15Ja	Treasury 8¼pc '80-82	87⅝xd	8.6	9.64	11.50
17S	17M	Treasury 12pc 1983	101⅝	9.2	12.16	12.26
15J	15Ja	Funding 5½pc '82-84	76½xd	8.6	7.25	9.92
10J	10Ju	Treasury 8¼pc '84-86	81½xd	3.6	10.37	11.59
1N	1M	Funding 6½pc '85-87	69	25.3	9.48	11.67
26J	26Ja	Treasury 7¾pc '85-88	75	22.12	10.73	12.29
1J	1Ju	Transport 3pc '78-88	48½xd	25.5	6.17	10.70
15A	15O	Treasury 5pc '86-89	55	4.3	9.22	11.94
15J	15Ja	Treasury 13pc 1990	95⅝xd	8.6	13.51	13.62
15D	15J	Treasury 8¼pc '87-90	70xd	10.5	11.61	12.27
5O	5A	Funding 5¾pc '87-91	55½xd	1.3	10.62	12.68
		Over Fifteen Years				

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 49¾% (based on $1.7760 per £)

Conversion factor 0.6706 (0.6704)

CANADIANS

S.E. List Premium 49¾% (based on $1.7760 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

Dividends Paid	Stock	Price	Last xd	Div. Net	Cvr	Y'ld Gr's	P/E

هكذا من الأصل

INSURANCE

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
Jan.	June	Bowring (C.T.)	74	17.5	12.64	2.8	5.5	12.3
Feb.	July	Brentnall Bd. 10p	106	29.12	13.43	2.7	5.0	14.1
May	Sept.	Britannic 5p	132	22.3	7.47	—	8.7	—
F.M.S.D.		Combined Am. $1	780	25.1	tQ66c	—	4.8	—
Nov.	May	Comm. Union	113	5.4	6.77	—	9.2	—
Jan.	July	Eagle Star	122	1.6	4.99	—	6.3	—
June	Dec.	Emou UK 9% Cnv	£115	17.5	Q9%	—	8.1	—
May		Equity & Law 5p	150	17.5	5.44	—	5.6	—
Jan.	July	Gen. Accident	154	3.5	5.81	—	5.8	—
Jan.	May	Guardian Royal	188	20.4	8.27	—	6.8	—
Jan.	July	Heath (C.E.) 20p	403	17.5	13.0	4.9	5.0	11.7
Oct.	Mar.	Hogg Robinson	170	26.1	h3.23	3.7	2.9	14.1
Dec.	Apr.	Howden (A.) 10p	156	8.3	2.47	4.8	2.4	11.5
Dec.	June	Legal & Gen. 5p	116	20.4	4.65	—	6.2	—
Sept.	June	Les. & Gen. 10p	119	11.5	3.69	2.5	4.9	12.6
Nov.	May	Lon. & Man. 5p	108	20.4	4.64	—	6.6	—
June	Oct.	London United 5p	59	20.4	3.42	1.8	8.5	10.0
Nov.	May	Matthew Wr. 20p	194	17.5	8.04	2.0	6.4	12.3
Jan.	June	Minet Hldgs. 20p	128	17.5	3.39	2.3	4.1	16.2
Oct.	June	Pearl 5p	202	20.4	10.24	—	7.8	—
Dec.	June	Phoenix	206	17.5	8.42	—	6.3	—
Jan.	May	Provident "A"	120	20.4	6.65	—	8.5	—
Jan.	May	Do. "B"	120	20.4	6.65	—	8.5	—
Nov.	May	Prudential 5p	122	20.4	5.41	—	6.8	—
Nov.	May	Refuge 5p	108	22.3	6.83	—	9.7	—
Jan.	May	Royal	288	22.3	13.39	1.2	7.2	18.1
Feb.	Apr.	Sedg. Forbes 10p	258	8.3	7.81	1.7	4.7	18.8
Oct.	Apr.	Stenhouse	106	8.3	13.63	2.0	5.3	14.8
Jan.	July	Sun Alliance £1	395	17.5	16.4	—	6.4	—
June	Dec.	Sun Life 5p	73	3.5	12.79	—	5.9	—
July		Taisho Mar. EDR.	780	25.3	Q11%	—	1.1	—
Sept.	May	Trade Indemnity	150	5.4	6.83	—	7.0	—
Ma.Ju.Se.De.		Travelers $2.50	£24½	26.1	Q$1.08	—	2.5	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Feb.	Aug.	Blyvoor 25	470	12.12	Q75c	ϕ	9.7
Feb.	Aug.	Buffels R1	900xd	14.6	Q125c	ϕ	8.2
—		Deelkraal R0.20	136	—	—	—	—
Feb.	Aug.	Doornfontein R1	390	29.12	Q55c	ϕ	8.6
Aug.	Feb.	East Drie R1	760	29.12	Q75c	1.7	6.0
—		Elandsrand Gld. 20c	220	—	—	—	
Feb.	Aug.	Elsburg R1	120	12.12	‡Q338c	1.0	‡
Feb.	Aug.	Hartebeest R1	£14	12.12	Q190c	ϕ	8.3
Feb.	Aug.	Kloof Gold R1	475	29.12	Q47c	ϕ	6.0
Feb.	Aug.	Libanon R1	440	29.12	Q80c	ϕ	11.2
—		Southvaal 50c	500	29.12	Q8c	1.3	0.8
Aug.	Feb.	Stilfontein 50c	170xd	14.6	‡Q36c	2.2	‡
Aug.	Feb.	Vaal Reefs 50c	£15	29.12	‡Q175c	2.1	‡
Feb.	Aug.	Ventersport R1	190	29.12	‡Q70c	1.9	‡
Feb.	Aug.	W. Drie R1	£25¼	29.12	Q335c	ϕ	8.5
Dec.	Aug.	Western Areas R1	162	12.12	‡Q52c	1.4	‡
Feb.	Aug.	Western Deep R2	912½	29.12	‡Q[illegible]c	1.6	‡
Feb.	Aug.	Zandpan R1	235	12.12	Q31[illegible]c	ϕ	8.1

O.F.S.

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Sept.		Free State Dev. 50c	100	26.1	Q14c	1.6	8.5
May	Nov.	F.S. Geduld 50c	£13½	22.3	‡Q330c	1.5	‡
—		F.S. Saaiplaas R1	168	22.5	26c	ϕ	2.1
May	Oct.	Harmony 50c	370	22.3	Q65c	ϕ	10.4
Nov.		Loraine R1	115	22.5	Q6c	0.5	3.1
May	Nov.	Pres. Brand 50c	£13¼	22.3	‡Q250c	1.3	‡
May	Nov.	Pres. Steyn 50c	700	22.3	‡Q125c	2.2	‡
May	Nov.	St. Helena R1	£13½	5.4	‡Q250c	1.2	‡
—		Unisel	115	—	—	—	—
May	Nov.	Welkom 50c	245	22.3	‡Q55c	1.7	‡
May	Nov.	W. Holdings 50c	£19	22.3	‡Q475c	1.2	‡

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—		Botswana RST R2	53	—	—	—	—
June	Dec.	Messina R0.50	255	16	tQ35c	1.9	8.1

MISCELLANEOUS

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—		Burma Mines 17½p	9	19.5	0.1	ϕ	1.8
—		Charterhall 5p	27	7.67	—	—	—
Aug.	Feb.	Cons. Murch. 10c	850	12.12	tQ30c	1.9	5.8
—		Lampsa	41	—	—	—	—
July		Northgate C$1	365	27.3	Q25c	0.3	3.6
Jan.	June	R.T.Z.	209	3.5	5.42	2.1	4.0
—		Sabina Inds. C$1	92	—	—	—	—
—		Tara Exprn. $1	£15¼	—	—	—	—
Nov.	July	Yukon Minerals 10p	85xd	14.6	2.17	ϕ	3.9
—		Yukon Cons. C$1	136	11.65	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- •• Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Based on 1975 profits.
- ¦ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ✚ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1975. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 25

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £225 per annum for each security.

FINANCIAL TIMES
Monday June 21 1976

VORSTER MEETS HIS ENVOYS IN BONN AS

S. Africa picks up the pieces

BY NICHOLAS COLCHESTER IN BONN AND STEWART DALBY IN JOHANNESBURG, JUNE 20

MR. JOHN VORSTER, the South African Prime Minister, flew into West Germany to-day for a week of talks with South African ambassadors, U.S. Secretary of State Dr. Henry Kissinger, and West German Ministers, while in South Africa both black and white communities were trying to pick up the pieces and estimate the millions of pounds worth of damage caused by three days of rioting and looting.

An uneasy calm prevailed in the black townships to-day, but the disturbances have cast a shadow over the talks Mr. Vorster is to hold with Dr. Kissinger on Wednesday and Thursday, and cast doubt on any prospect of advancing South Africa's policy of detente with black African countries.

Mr. Vorster left Johannesburg on schedule yesterday, leaving Mr. P. W. Botha, Defence Minister, in charge of the government.

His visit is already causing obvious embarrassment in the West German government. Prior to his arrival the Foreign Minister, Herr Hans Dietrich Genscher, issued a statement making it clear what a tough line his government would be taking in the talks that lie ahead. It placed West Germany squarely behind the UN Security Council's condemnation of the handling of the unrest in Soweto.

Mr. Vorster will spend Monday and Tuesday in Bonn together with Dr. Hilgard Muller, his Foreign Minister, with South African ambassadors from all over Europe, North America and the Middle East. It is already clear that the gold-windowed South African Embassy on the Rhine's left bank will be a focal point for demonstrations. The United German Student Organisation says it expects 30,000 protesters to assemble in Bonn on Tuesday.

The week's agenda will test the German security machine to the full. After watching over the Premier and his leading diplomats in Bonn, it must then shepherd Mr. Vorster to Grafenau, a remote town in the forests of Eastern Bavaria, where he will meet Dr. Kissinger.

This meeting has been shifted from Hamburg precisely because of the security problem.

Dr. Kissinger left Washington for Paris to-day where he will attend a meeting of the OECD.

Soweto quiet

On Friday, Mr. Vorster is back in Bonn for a "courtesy visit" to Chancellor Helmut Schmidt. Already Young Socialist organisations in various parts of West Germany have condemned this meeting and urged the Chancellor to cancel it.

Meanwhile, Soweto, the black sister city to Johannesburg, where the riots started over a dispute about the teaching of Afrikaans for some subjects in schools, was reported quiet, with only short-lived outbursts of violence occurring on Saturday morning.

The other 10 townships around Johannesburg, to which the rioting had spread, were also said to have calmed down. In Natal Province, where the University of Zululand in the Kwazulu homeland, had several important buildings burnt and gutted, the disturbances had also petered out.

The latest reliable, but unofficial, death toll is 109, with over 1,000 people wounded. Nearly all the dead and wounded were black and most of them were hit by police bullets. There was no official figure for the number of arrests, but unofficially the total has been put at over 300.

The riots, which had started as an apparent spontaneous protest in Soweto, but which was fuelled by drunken vandals on the rampage after raiding liquor stores, started to peter out as food and drink supplies became scarce.

Also the weather changed, with a sudden cold spell enveloping the Witwatersrand area around Johannesburg. It is also thought possible that a reasonably moderate communique issued after Mr. M. C. Botha, the Minister for Bantu Affairs, met a delegation of the Soweto Urban Bantu Council and other Soweto leaders, may have helped deffuse the situation.

The communique said the meeting with Mr. Botha, who is widely considered responsible for sparking the riots because of his intransigent insistence that Afrikaans must be used as the medium of instruction, were conducted "calmly and in a spirit of mutual co-operation."

The communique said schools might apply to deviate from the principle of teaching in Afrikaans as much as in English. "It should therefore be clear that the tragic occurrences in Soweto were caused by misunderstanding and confusion. The Minister reiterated that there was no departmental compulsion."

The vaguely conciliatory tone of the communique was in contrast to the remarks of the Prime Minister last week before he left for West Germany. Then, he told the police: "use all means" to put the demonstrations down.

Investigations

Although quiet has returned, the police are still in the trouble areas in their hundreds. Helicopters can still be seen hovering over the townships and the army, navy and defence forces have not been taken off the alert.

General Gert Prinsloo, Commissioner of Police, said that every death will be investigated but his superior, Mr. Jimmy Kruger, Minister of Justice and Police, made a tough statement saying at one point that Black organisations with links outside the country in places like London were behind the riots.

Asked why the police had not used water cannons and rubber bullets during the disturbances to control the crowds, Mr. Kruger said that in Soweto there were few water points and water pressure was too low. The police force had gone into the question of using rubber bullets during the disturbances, but they felt that these "made people tame to the gun."

Bridget Bloom Page 10

Savings halve rise in food bills

BY PETER BULLEN

PEOPLE SAVED on food in the first three months of this year by buying less or switching to cheaper foods.

A National Food Survey report on Domestic Food Consumption and Expenditure to-day shows that household food bills rose 3.4 per cent. compared with the previous three months to a new peak of £4.14 a person a week. But this was only about half the rise of 6.7 per cent. in food prices during the period.

To a large extent the fall in the real value of food purchased during the quarter was because people owning freezers cut their purchases, and used more from their freezers. In homes without freezers, which make up about 75 per cent. of the 2,081 households sampled, the value of food purchases fell by less than 1 per cent.

Compared with the first quarter of 1975, home food expenditure rose by 69p a person a week or just under 20 per cent., while food prices rose by 21.6 per cent. Reduced purchases of potatoes — down 25 per cent. — in the face of the steep rise in prices led to much of this fall in the real value of food sales.

Liquid milk consumption rose to 4.82 pints a person, the same as in the first quarter of 1975. Milk has thus recovered the ground lost following the two price increases in the previous six months, says the survey, issued by the Ministry of Agriculture.

More cheese

Cheese consumption went up slightly, but there was a small swing from butter to margarine and from vegetable and cooking oils to cheaper lard and fats.

In real terms, the Ministry claims, the overall average price paid by housewives for red meat was about the same as in the corresponding period of 1972 before the U.K. joined the EEC, and average consumption of 16 oz. a week was about the same.

The drop in beef consumption over the year from 9.1 oz. to 8.2 oz. did not represent any shift in consumers' basic demand as the earlier figure was boosted by the beef token scheme for pensioners.

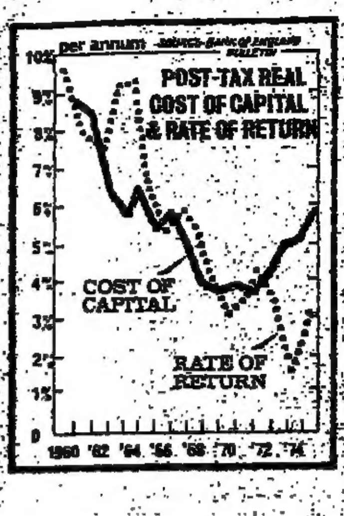
More poultry was eaten than in the comparable period of 1973. Consumption of white fish, fresh vegetables and fruit declined while canned (mainly baked) beans, pasta products and rice rose probably because of the potato shortage.

Fewer cakes and buns were eaten although more bread was consumed than in the first quarter of 1975.

THE LEX COLUMN

How to close the investment gap

The two recent studies on the real profitability of industrial and commercial companies and the cost of their capital included in the Bank of England Bulletin—the second was published last week—can be seen as part of an attempt by the Bank to develop a theoretical framework in which the political debate about investment can be conducted. The "failure" of the City to invest in industry has too often been discussed in isolation from the performance of industry itself, or at least in the absence of any satisfactory measure of the returns achieved. The Bank may also be keen to establish a greater understanding of the role of financial variables in the real economy. Existing economic models tend to depend too much on physical factors like output levels or capacity in predicting investment trends. This can lead, for instance, to anomalously buoyant investment forecasts at a time when interest rates may be shooting up and the equity market falling.



The results of the Bank's statistical investigations show that the real post-tax cost of capital fell sharply during the 1960s during the period of rising equity markets but has been rising since 1971 (although the introduction of tax relief on stock appreciation has introduced a new element of uncertainty). For much of the period the decline in the cost of capital roughly matched the drop in real returns. But since 1972 the rate of return has fallen significantly below the cost of capital. The argument is that this relative movement must have led to a reduction in investment — a claim for which the Bank's economists apparently have reasonable econometric evidence.

What policy conclusions are drawn from this must be, of course, a matter of debate. The article in the Bulletin—mainly prepared by Mr. John Flemming, on leave from Oxford—simply states that "a recovery of profitability could not fail to stimulate investment."

It would only do so, however, if the cost of capital did not rise in parallel. There are two ways of correcting the imbalance—not only by improving the returns but also by arranging for the cost of capital to fall. It is noticeable that the cost of capital is estimated to have been rising to a level higher than that seen for more than a decade. Such a trend could reflect the doubts that *shareholders have* about whether the benefits of investment will filter through to them. It may also reflect the growing pressure of Government borrowing — managed, of course, by another department of the Bank of England — which inevitably makes it more difficult for the private sector to compete. Companies have, after all, been completely driven out of the bond market (for reasons involving the risk of declining inflation which are well explained in a section of the latest Bulletin article).

There could thus be some constructive ways of lowering the cost of capital to industry. These would involve reduced claims on resources by the public sector, and the relaxing of impositions like dividend controls and stamp duties. Arguably, there might also be scope for institutional changes, such as the development of a more flexible medium-term lending market. The equity ban can, indeed, be seen as an institutional attempt to reduce the cost of capital to a small sector of industry.

But the risk is that the Government might swing towards a more direct attack on the cost of capital. This would involve either publicly subsidised investment on a wider scale than at present, or the direction of institutional funds into industry, which would amount to a subsidy by policy-holders or future pensioners. And it would be dangerous if tinkering with the cost of capital were thought to be a substitute for a recovery of profitability from levels wh[ich] in historical terms are dra[matically] low.

Midland Bank

The comprehensive Savory Milln bank annual [pro]vides a reminder of the ex[tent] to which Midland is the odd [one] out among the Big Four. [It has] no international banking [sub]sidiary, for example, and [has] taken a lonely acquisitive [route] into merchant banking. In [yield] terms, it offers a yield well [over] a point higher than the [sector] average, but carries [a sub]stantially higher p/e ratio. According to Savory [Milln's] relative price charts Mi[dland] has performed more nearly [in] line with the average than [any] of the other three since [...].

The most controversial [aspect] of Midland has been its ac[quisi]tion policy. The bank has [in] recent years spent some [...] (mostly in loan stock) [buying] into the financial services [sector]. This has left it with [...] £80m. of goodwill in its ba[lance] sheet. And the return [on] this investment has so far [been] dismal — the brokers esti[mate] that the pre-tax return [on] financial services was £5.[...] 1974 and just £3.2m. last [year].

This clutch of acquis[itions] does contain one success —that of Bland Payne, [the] insurance brokers which [pro]duced sharply higher [pre-tax] profits of £9.3m. in 1975. Thomas Cook was deep in [the] red, with published losses [of] £3.3m. And Savory Milln [sug]gest that the veiled refe[rence] in the last annual report [to] property loan losses at Sa[muel] Montagu may reflect a [...] of £5m.

The days of ambitious [take]overs seem to be over [for] Midland. For the past yea[r or] two it has had to turn its a[tten]tion to various methods [of] strengthening its balance [sheet] (a rights issue and two [loan] note issues) and it turned [down] the chance to buy a [...] block of Standard Cha[rtered] equity late last year. [Fortu]nately its underlying de[...] bank performance has [been] sound, there is now the [poten]tial for loss elimination [else]where, and its high d[...] has been a potent force [in main]taining a relatively high market valuation for its [earn]ings and assets.

Plan to end road fund and axe 3,000 jobs

By David Churchill, Labour Staff

PROPOSALS TO scrap the £40-a-year road fund licence are being considered by the Government as part of its cost-cutting exercise in the civil service. If implemented, about 3,000 jobs—mainly at Swansea—will be axed and if the lost revenue were recouped from the tax on petrol it could mean an extra 20p a gallon bringing the price to about £1.

The proposal to abolish the licence is included in a confidential Department of Environment memorandum already considered by a Cabinet committee, which spells out the implications of achieving manpower cuts of 5, 10, or 15 per cent. as part of the £140m.-a-year reduction in civil service spending announced in the February White Paper.

The memorandum suggests that to achieve about 10 per cent. savings, the Department's Drivers and Vehicle Licensing Division would have to lose 3,000 staff—mostly based at Swansea—who administer the road tax. About 2,000 staff would be left at Swansea to operate the driver licensing scheme.

To recover the lost tax, the memorandum suggests that the equivalent yield—about 20p a gallon—should be added to excise duty on petrol. The price of diesel fuel would not be affected.

Cuts of 5 per cent. would mean a loss of about 600 jobs, mainly by reducing maintenance and lowering standards for Government offices.

But cuts of at least 10 per cent. are expected from the Department because it is believed to offer more scope for large-scale reductions than most other Government departments. A 15 per cent. saving would mean losing 5,800 jobs.

Challenged

The final decision on the road tax will be taken early next month. But the suggestion, which is believed to be favoured by the Department, could be strongly challenged by the Treasury if it was felt that such a big rise in petrol prices would have a severe effect on the cost of living, both directly and through extra distribution costs.

If the road tax is scrapped it will add substantially to the 6 per cent. unemployment rate in Swansea and surrounding districts and will be bitterly contested by civil service unions.

The licensing division at Swansea has already had a rough ride since the new offices were opened in March, 1973. The move to the computer centre coincided with widespread industrial action by civil servants. Since then Swansea has been plagued with teething troubles and its planning was strongly criticised by the Commons' Public Accounts Committee last summer.

Apart from abolishing the road tax, the Department has also proposed a cut of about 90 staff in the planning inspectorate and 70 staff in the highways directorate—both of which would delay the processing of planning applications and objection procedures.

It also suggests that 250 jobs could be reduced by cuts in personnel management, training, and management services within the Department. Another 350 jobs could be cut from the building maintenance programme of the Property Services Agency.

Clash of opinions on plan for power station

BY ROY HODSON

THE GOVERNMENT and the electricity authorities are at odds over construction of a new coal-fired power station in Yorkshire.

The Government is considering whether, at a time when public spending is under scrutiny, work should start early on Drax-B, costing several hundred million pounds, in order to provide the heavy electrical and power generating industry with sorely needed new orders.

The electricity industry believes that no new power station is needed until 1979 or 1980. However, the Government is under pressure from the plant industry to provide work which will alleviate unemployment in the engineering districts of the North-East.

Although a new 2,000 megawatt station on a greenfield site would cost some £500m., Drax-B should be cheaper because it would share installation with the existing Drax station. The CEGB's policy is to delay building Drax-B—which is on the Selby coalfield—until work is more advanced on the field, so that the station could be phased to match the build-up of coal production.

The output of the power station will not be required by the CEGB until well into the 1980s.

A grim future for the power plant industry is forecast to-day in the more pessimistic of two assumptions being made by the

CEGB MEDIUM TERM FORECAST

	1976/77	1977/78	1978/79	1979/80	1980/81
Manpower	63,500	62,500	61,000	61,000	60,000
Units sold (Terawatt hours)	202	209	217	226	235
Pence per unit sold (Pence per Kilowatt hour)	1.48	1.63	1.75	1.84	1.90

N.B. A Terawatt hour = 1bn. Kilowatt hours.

CEGB about growth in electricity demand. The heavy electrical and nuclear industry could run down to a fraction of its present size during the next 15 years because of a lack of power station orders.

The forecasting by the Board is revealed in its new corporate plan, published for discussion.

The lower rate of predicted energy use would mean, in the Board's opinion, that no new power station plant would be required until after 1990. By that time, the Board considers that the British heavy electrical and nuclear industry might not have adequate manufacturing capacity still available to handle new CEGB orders.

If the rate of growth in electricity demand follows the Board's lowest estimates, then, in the view of the Board, the Government will have to step in to find work for the British plant manufacturers by financing contracts for updating and extending British power stations.

Alternatively, the Government will have to be prepared to allow overseas companies to supply equipment for a large part of the construction programme after 1990.

If the Board's most optimistic assumption for growth in demand is achieved, however, it expects that a new main power station will be ordered in two or three years and that, after that, the CEGB's capital spending programme will provide as much work as the manufacturers can handle as the nuclear power station programme builds up.

Unions warn on energy gap Page 7

Rothschilds plan closer links

BY MARGARET REID

N. M. ROTHSCHILD & SONS, the large, family-owned City merchant bank, and the Continental Rothschilds' business interests are examining the possibility of re-establishing closer links. This comes against the background of common aims to increase international activity more widely.

Lord Rothschild, 64, who is handing over chairmanship of the bank to Mr. Evelyn de Rothschild, 44, and assuming the chair of the private Rothschilds Continuation, which controls it, said yesterday that such consideration was at the exploratory stage.

Additional ties in the U.S., South America and the Far East are among possible features of contemplated long-term expansion, which would not exclude strengthening of association with other institutions.

At the beginning of this century, the interests of the wealthy and wide-ranging Rothschild banking family were closely integrated but later became separated between the British and French branches. "For a variety of reasons we drifted apart, but now we're thinking we should drift together again," said Lord Rothschild, who added: "We're pretty close already, with representatives on each other's boards."

Baron Edmond de Rothschild, whose interests include Compagnie Financière Banque of Paris, and Banque Privée in Geneva, within the past three years, has joined the Board of Rothchilds Continuation. Baron Guy de Rothschild, whose key interests are Banque Rothschild, and Compagnie du Nord, has long been a director of Rothschilds Continuation, and the French families also have some shareholdings.

In the other direction, Mr. Evelyn de Rothschild is a director of Banque Privée and Mr. Jacob Rothschild, Lord Rothschild's son, who is another N. M. Rothschild director, is on the Board of Rothschild Bank in Switzerland.

Asked whether fresh shareholding links were in question, Lord Rothschild said: "We haven't got to that stage, to the ifs and buts."

In recent years, certain parts of the Rothschild dynasty have been establishing interests in the U.S., not traditionally one of their areas. Baron Edmond is an important shareholder in, and director of, Bank of California, while New Court Securities Corporation is a small investment bank representing another Rothschild interest.

Within the Rothschild families' activities there are links with financial institutions and other bodies.

Continued from Page 1

Company report changes

The present requirement is easily abused. It gives the multi-product company an advantage over the one-product company in that the latter has to disclose turnover, profit and capital employed in its statutory accounts whereas a multi-product competitor may decide that it does not trade in substantially different classes of business. For example, the manufacture of pet foods could be regarded as not being substantially different from breadmaking because both products are food.

According to the document, there is probably no single topic of greater public concern at present than the efficiency of industry and its relative competitiveness compared with overseas companies. It mentions the Bank of England proposal of making public some information on the extent to which the quality of fixed capital—as measured by its age, for example—was being maintained. Such a proposal is also supported by the National Economic Development Office in its comments on The Corporate Report. However, there is general agreement that much work would need to be done on establishing exactly what are the performance objectives of companies.

The document indicates that the Government is aware of situations leading to major abuses in which there is a conflict between a director's personal interests and his responsibilities to his company. Here disclosure is seen as a major deterrent.

There are strong hints in the Government document that exemption from some of the more onerous disclosure provisions may be granted to smaller companies. An arbitrary approach applying different disclosure requirements to different categories of company is likely. The categories would be defined by reference to the size of the company.

Weather

U.K. TO-DAY

RAIN in most places. Sunny elsewhere.

London S., E. and N. England, E. Anglia, Midlands
Dry, sunny intervals. Max. 22C (72F).

Channel Is., S.W. England, Wales
Cloudy, some drizzle. Max. 18C (64F).

N. Wales, Is. of Man, Ireland
Cloudy, some rain. Max. 17C (63F).

N.W., N.E. England, Lakes, Borders, Edinburgh, Dundee areas, S.W. Scotland
Sunny at first, rain later. Max. 20C (68F).

Aberdeen, Moray Firth areas, N.E. Scotland
Showers at first, otherwise dry, sunny. Max 17C (63F).

Highlands, Argyll, N.W. Scotland
Sunny at first, rain later. Max. 16C (61F).

Orkney, Shetland
Showers at first, otherwise dry and sunny. Max. 14C (57F).

Outlook: Changeable.

Lighting-up: London 21.51, Manchester 22.12, Glasgow 22.36, Belfast 22.34

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	D	13	55	Madrid	C	25	77
Athens	S	30	86	Manchstr	F	15	59
Barcelona	S	26	79	Melbourne	F	10	50
Belfast	F	15	59	Milan	F	26	79
Belgrade	S	28	82	Moscow	S	20	68
Berlin	R	17	63	Munich	F	26	79
Brmnghm.	F	16	61	Newcastle	R	15	59
Bristol	C	17	63	New York	S	25	77
Brussels	C	17	63	Oslo	C	15	59
Budapest	S	27	81	Paris	C	23	73
B. Aires	S	17	63	Perth	SH	17	62
Cairo	S	33	91	Prague	F	23	73
Cardiff	F	15	59	Reykjavik	F	12	54
Cologne	F	20	68	Rio de J'o	S	28	82
Copenhgn.	R	12	54	Rome	F	28	82
Dublin	C	15	59	Singapore	S	29	84
Edinburgh	C	15	59	Stockholm	F	17	63
Frankfurt	C	23	73	Strasbourg	F	25	77
Geneva	F	27	81	Sydney	SH	17	62
Glasgow	C	14	57	Tehran	S	30	86
Helsinki	C	23	73	Tel Aviv	S	25	77
Hong Kong	S	30	86	Tokyo	C	21	70
Jo'burg	S	13	55	Vienna	S	29	84
Lisbon	S	25	77	Warsaw	C	23	73
London	C	16	61	Zurich	S	25	77
Luxemb'g	F	20	68				

HOLIDAY RESORTS

Ajaccio	S	26	79	Jersey	D	16	61
Algiers	C	26	79	Las Pims.	S	25	77
Biarritz	S	22	72	Locarno	S	26	79
Blackpool	F	14	57	Majorca	S	31	88
Bordeaux	S	24	75	Malaga	C	24	75
Boulogne	D	13	55	Malta	S	27	81
Casablanca	C	23	73	Nairobi	S	25	76
Cape Town	S	15	59	Naples	S	28	82
Corfu	S	28	82	Nice	F	23	73
Dubrovnik	S	25	77	Oporto	F	19	66
Faro	S	27	81	Rhodes	S	26	79
Florence	S	28	82	Salzburg	F	26	79
Funchal	F	22	72	Tangier	C	26	79
Gibraltar	C	23	73	Tenerife	C	17	63
Guernsey	C	14	57	Tunis	F	28	82
Innsbruck	F	28	82	Valencia	S	28	82
Inverness	C	13	55	Venice	S	24	75
Istanbul	F	23	73				

S—Sunny, C—Cloudy, F—Fair, D—Drizzle, SH—Showers.

هكذا من الأصل